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ABSTRACT

Results of a project initiated to explore the development of data and services to member institutions of the Association of Catholic Colleges and Universities to meet needs of the 1980s are presented. The project explored contemporary concerns of institutional viability as they affect Catholic higher education. Information is provided on enrollment, financial operations, and student financial aid. Data on the performance of Catholic higher education against the background of the remainder of private higher education are examined. It is suggested that Catholic colleges and universities are meeting the financial aid needs of their dependent aid recipients to a degree comparable with other private colleges and universities. It is concluded that expansion of graduate and first-professional programs, accommodations of part-time students, coeducation for some colleges, and renewed strength in women's education are all indicators of institutional flexibility in Catholic higher education. Some areas for future concern regarding declining enrollments are considered. Data are presented that suggest the present ability of Catholic higher education to maintain current expenditures and revenues in balance. The rate of expenditure increase was slightly below the average in the doctoral universities and slightly above average in the other four-year institutions and two-year colleges. (SW)

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Project 80:

ED192680

Enrollment, Finances, and Student Aid
at
Catholic Colleges and Universities

(Rev.) Ernest Hartell, C.S.C.

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FOREWORD

All of the nation's colleges and universites have been trying to cope with the problems presented by enrollment fluctuations, curricular changes, inflation and government regulation. Independent institutions have been further pressed by the widening gap in tuition between the independent and public sectors. Student aid programs at both federal and state levels have brought significant relief, but the struggle is continuous to promote access to higher education along with freedom of choice as a realistic option for the American student.

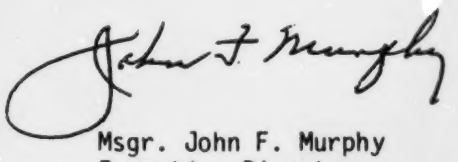
Catholic colleges and universities, two hundred and forty in number, enrolling (1978-79) approximately 535,000 students have had an additional challenge to examine their mission and programs in the light of the historic II Vatican Council which issued a call of renewal to the entire Catholic community and the institutions which they sponsor. In consequence to this, the Association of Catholic Colleges and Universities, as the agency of service to and representation of Catholic higher education, has structured many of its programs and meetings in the last fifteen years to help its members meet this challenge of renewal. This process is a continuing one as meetings, task forces and publications testify. It has been enriched immeasurably, I might add, by the new spirit of cooperation and collaboration among all the church-related colleges and universities. The recently concluded National Congress on Church-Related Colleges and Universities has been the most manifestation of the new directions.

As we prepared to enter the eighties and the bumpy road predicted for higher education, it seemed an appropriate time to get a better look at some of the bread and butter questions about Catholic colleges. What have the enrollment patterns been over the last ten years? How are our institutions as a group affected by student aid programs? What is the condition of their financial health? What are our enrollment trends?

Fortunately, we were able to obtain the services of the Reverend Ernest Bartell, CSC, a seasoned educational administrator and economist. Impressive as his skills are, the results would not have been possible without the complete cooperation of some of our colleague associations here in Washington. The National Institute of Independent Colleges and Universities (companion of the National Association of Independent Colleges and Universities), the American Council on Education, and the National Association of College and University Business Officers have all demonstrated that there really can be harmony and helpfulness on the banks of the Potomac!

In a very special way I wish to thank John Phillips, President, and Virginia (Fadil) Hodgkinson, Executive Director, at NIICU, not only for the extraordinary competent and generous help given by Ms. Hodgkinson, Nancy Carter, Nancy Dawson, and Frank Balz, but for undertaking this publication of the PROJECT 80 study itself.

The results of Father Bartell's study will prove distinctively helpful to Catholic college and university administrators as they plan the future of their institutions. ACCU and NIICU intend to continue gathering and analyzing the relevant data and it is our hope to be able to provide longitudinal studies so helpful to planners. We are happy to share this look at ourselves with colleagues in other institutions and associations in the hope that it may provide a model for collaborative research efforts.



Msgr. John F. Murphy
Executive Director
ACCU

ACKNOWLEDGEMENTS

Project 80 was initiated to explore the development of data and services to member institutions of the Association of Catholic Colleges and Universities to meet needs of the 80's. The services of ACCU to its members have historically been those that are distinctively Catholic - definitions of purpose and identity; relationships of Catholic colleges and universities to sponsoring religious orders, congregations and dioceses and to the relevant ecclesiastical offices in the Church; the development of pastoral services, such as campus ministry; and representation of the interests of Catholic colleges and universities in the larger world of higher education.

Project 80 was conceived to complement these activities through an initial exploration of contemporary concerns of institutional viability as they affect Catholic higher education. These concerns include enrollment issues, increasing costs and the need for more effective marshalling of scarce institutional resources, as well as the effective development of private and public sources of financial support of institutions and students. The results of the Project 80 exploration are reported in the following pages under three titles: enrollment, financial operations, and student financial aid. In each of these areas an attempt has been made to examine available data on the performance of Catholic higher education against the background of the remainder of private higher education.

Limited resources and seemingly unlimited data needs placed a high premium for Project 80 on opportunities for collaboration with other educational associations, and the gratifying response exceeded both expectations and hopes. Special thanks are due to both the National Institute of Independent Colleges and Universities and to the American Council on Education for providing data access and assistance that have made possible the initial development of a file of data in the three key areas of enrollment, finance and aid. This progress would have been impossible without the generous interest and assistance of Virginia Fadil, Executive Director of NIICU and Carol Frances, Director of Policy Analysis and Research at ACE. Nancy Carter and Frank Balz at NIICU and Paula Knepper and Michael Smith at ACE provided technical assistance and tangible responses to frequently fuzzy requests.

Patricia Smith of ACE generously shared her expertise in operation of federal student financial aid programs both to improve the quality of analysis in Project 80 and to launch workshops on financial aid for Catholic college and university administrators as demonstration projects of services to member institutions that might flow from data analysis. Steven Hychka of NACUBO and Gail Donaway of the Student Financial Assistance Training Program added invaluable assistance to the success of these workshops.

Finally, this report would not have emerged without the patient support and advice of Msgr. John F. Murphy and Sister Alice Gallin, O.S.U., outgoing and incoming executive directors of ACCU, and of Sr. Jean Knoerle, S.P., Chairman of the Board of Directors of ACCU and Rev. John Meyers, President of the National Catholic Educational Association.

(Rev.) Ernest Bartell, C.S.C.

I. ENROLLMENT IN CATHOLIC COLLEGES AND UNIVERSITIES

Introduction

The conventional wisdom about enrollments in Catholic higher education during the 1980's has not been optimistic. It has been reasonably assumed that Catholic colleges and universities are subject to the same pressures that worry all of the independent sector in higher education -- the long-anticipated effects of declines in birth rates, the ever-widening gap between the prices of attendance at public and private institutions and the declining interest in traditional liberal arts curricula in favor of more directly career-oriented programs.

In addition, Catholic colleges and universities are presumed subject to special pressures of their own. Enrollments in Catholic elementary and secondary schools had peaked in the mid-sixties, but then began a slide that resulted in a 40 percent enrollment decline between 1965-66 and 1978-79, with school closings that reached an annual rate of 4.5 percent at their peak.[1] Catholic colleges and universities were assumed to be dependent upon their elementary and secondary counterparts for students. Moreover, the decline in the numbers of religious teachers, whose presence has historically kept costs down and Catholic identity up, is understandably assumed to be a barometer of health in the entire sector.

Furthermore, the drawing power of institutions with a Catholic identity was called into question by the long-term integration of Catholics into a secular American society that offers little recognition of traditional religious values. Equally dreary conclusions about the social significance of women's colleges in the 1970's were thought to weigh especially heavily upon Catholic higher education, since at the beginning of the decade women's colleges constituted approximately 35 percent of the total institutional complement of Catholic higher education. Finally, data about the closings of colleges and universities seemed to contain a disproportionate share of Catholic institutions.

Unfortunately, enrollment data for Catholic colleges and universities, although reported to the National Center for Educational Statistics by the institutions, have not been available in a suitable form to test the accuracy of the conventional wisdom. Many Catholic colleges and universities, like those founded in the tradition of other religious denominations, are legally and administratively independent of the Church and classify themselves accordingly in statistical reporting. Other institutions which classify themselves as religious are in fact seminaries and sister-formation colleges not open to the public and hence not appropriate for inclusion in conventional statistical comparisions of enrollment trends within higher education.

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[1] A Statistical Report on U.S. Catholic Schools 1979-80 (Washington: National Catholic Education Association, 1980), pp. 5-6.

With the generous assistance of the Economics and Finance Unit of the American Council on Education and the National Institute of Independent Colleges and Universities, Project 80 has been able to develop a file of enrollment data for Catholic colleges and universities for the academic years 1970-71 through 1978-79. Institutions included in the data file are those which are or have been members of the Association of Catholic Colleges and Universities as well as other colleges and universities identified by the Association as established within a Catholic tradition and eligible for membership in the Association. A total of 257 Catholic institutions was thus identified as operating for all or part of the decade, of which 228 or 89 percent were members of the Association.

INSTITUTIONAL PROFILE OF CATHOLIC HIGHER EDUCATION 1978-79

Enrollment Shares

The 240 Catholic colleges and universities operating during 1978-79 enrolled over a half million students, thereby accounting for approximately 21 percent of total enrollment in the private sector. Although women accounted for just under 50 percent of total enrollment in American higher education, they outnumbered men in the Catholic sector by a ratio of 53.8 percent to 46.2 percent. Women's colleges, defined as those whose full time equivalent enrollment was more than ninety percent female, accounted for 22 percent of the Catholic institutions, enrolling approximately eight percent of total Catholic enrollment. In the coeducational institutions, males were in the majority, accounting for slightly less than 55 percent of total enrollments. Part-time enrollment made up one-third of total enrollment (somewhat lower than the 41 percent share of part-timers in all of American higher education), resulting in total FTE of about 415,000 in Catholic institutions.

Size and Level

Catholic colleges and universities are typically four-year institutions of medium size. Eighteen of the 240 identify themselves as doctoral universities in HEGIS reporting, while 20 are two-year colleges. As Table 1 on the following page shows, the remaining 192 institutions, enrolling 65 percent of total Catholic sector enrollment, fall into the HEGIS category of "other four-year institutions," which includes comprehensive universities and four-year colleges. The doctoral universities account for one-third of total Catholic enrollment, while the two-year colleges enroll only two percent of the total.

TABLE 1

ENROLLMENT IN CATHOLIC HIGHER EDUCATION
INSTITUTIONAL PROFILE
FALL 1978

TYPE	NUMBER	ENROLLMENT			
		(in thousands)	Share of Total %	Mean	Median
DOCTORAL UNIVERSITIES	18				
Headcount		174.3	32.5	9639	9510
FTE		137.5	33.2	7749	7541
OTHER FOUR YEAR INSTITUTIONS	192				
Headcount		348.0	65.1	1819	1260
FTE		267.7	64.6	1421	946
TWO YEAR COLLEGES	30				
Headcount		12.2	2.3	406	395
FTE		9.5	2.3	320	284
TOTAL	240				
Headcount		534.5	100.0		
FTE		414.8	100.0		

Source: National Institute of Independent Colleges and Universities (NIICU)/ National Center for Education Statistics (NCES)
Data may not add to total due to rounding.

Catholic doctoral universities ranged in size from less than 3,000 students to more than 17,000 with median and mean sizes of 9,510 and 9,639 respectively. Average FTE in the doctoral universities are approximately 20 percent lower.

Enrollments in other four-year institutions ranged from less than 100 to more then 10,000. Median and mean average enrollments were 1,260 and 1,819 respectively, with FTE averages close to 25 percent less. The distribution of total and FTE indicates a slightly higher percentage of part-time students in the other four-year institutions and also a slightly higher percentage of part-timers in the smaller institutions within this category.

Enrollments in two-year colleges ranged in size from under 100 to about 1200, with median and average enrollments of 395 and 406 respectively. FTE averages were still smaller by 28 and 21 percent respectively, again suggesting higher percentages of part-time students in the smallest institutions.

TABLE 2

ENROLLMENT IN CATHOLIC HIGHER EDUCATION BY SEX, STUDENT STATUS, AND ENROLLMENT LEVEL FALL 1978

	Enrollment (in thousands)	Percent of Total
TOTAL HEADCOUNT ENROLLMENT	534.5	100.0
Male	247.0	46.2
Female	287.5	53.8
Full-Time	354.9	66.4
Part-Time	179.6	33.6
UNDERGRADUATE	378.1	70.7
Full-Time	306.4	57.3
Part-Time	71.6	13.4
GRADUATE AND FIRST-PROFESSIONAL	102.6	19.2
Full-Time	40.8	7.6
Part-Time	61.8	11.6
UNCLASSIFIED	53.9	10.1
TOTAL FTE ENROLLMENT	414.8	100.0
UNDERGRADUATE	330.3	79.6
GRADUATE	61.4	14.8

Source: NIICU/NCES
Data are for fifty states, the District of Columbia, and Puerto Rico.
Data may not add to totals due to rounding.

Catholic colleges and universities are predominantly undergraduate institutions. (See Table 2 above.) Within the four-year institutions graduate and first-professional students accounted for 14.8 percent of FTE. This percentage is somewhat less than the corresponding figure of 17.2 percent for all of the nation's four-year institutions. Within the Catholic institutions classified in HEGIS as universities, graduate and first professional students accounted for 28 percent of total FTE.

Finally, graduate enrollment accounted for approximately 75 percent of total graduate and first-professional enrollment in Catholic institutions, virtually the same as the graduate share in all of the nation's four-year institutions. Contrary to some popular opinions, professional education is apprently neither more nor less popular in Catholic colleges and universities than elsewhere.

Geography

Catholic higher education is national in scope with colleges and universities located in 39 states, the District of Columbia and Puerto Rico. The distribution of both institutions and enrollments is highly concentrated. As can be seen in Table 3 below, forty-one percent of the institutions and 48 percent of enrollments are located in only five states: New York, Pennsylvania, Illinois, California and Massachusetts, in that order. Eight more states (Ohio, Wisconsin, Missouri, Michigan, New Jersey, Indiana, Minnesota, Texas) plus Puerto Rico and the District of Columbia account for another 34 percent of total Catholic enrollment with the remaining 18 percent scattered throughout the rest of the nation.

TABLE 3

ENROLLMENT IN CATHOLIC HIGHER EDUCATION
BY GEOGRAPHIC DISTRIBUTION - FALL 1978

AREA	(In Thousands)	Percent of Total	Number of Institutions	Percent of Total
NORTHEAST	253.1	47.4	101	41.9
New York	94.1	17.6	34	14.2
Pennsylvania	59.3	11.1	27	11.3
Massachusetts	29.4	5.5	12	5.0
District of Columbia	20.2	3.8	3	1.0
New Jersey	17.5	3.3	7	2.9
NORTHCENTRAL	173.9	32.5	88	36.5
Illinois	41.7	7.8	13	5.4
Ohio	26.7	5.0	12	5.0
Wisconsin	18.6	3.5	10	4.2
Missouri	18.5	3.5	8	3.3
Michigan	17.8	3.3	8	3.3
Indiana	16.3	3.1	9	3.8
Minnesota	14.6	2.7	8	3.3
WESTERN	51.1	9.6	22	9.1
California	29.8	5.6	11	4.6
SOUTHEAST AND SOUTHCENTRAL	36.2	6.8	27	11.2
Texas	12.2	2.2	6	2.5
PUERTO RICO	20.2	3.8	3	1.3
TOTAL: United States and Puerto Rico	534.5	100.0	240	100.0

Source: NIICU/NCES

Regionally, Catholic colleges and universities in the northeast account for over 47 percent of total enrollment, while those in the northcentral states account for almost 33 percent for a total of 80 percent in the two regions. With the addition of California, Puerto Rico and Texas, 91.5 percent of total enrollment in Catholic colleges and universities can be accounted for. Hence, despite the national scope of Catholic higher education, its institutional future is likely to be heavily affected by demographic, economic, political and cultural influences within these more limited regional boundaries.

ENROLLMENT TRENDS 1970-71 THROUGH 1978-79

With the new data file, it has been possible to test the conventional wisdom about trends in enrollments of Catholic colleges and universities during the past decade, and that wisdom has been found wanting. It is true that by the end of the 1978-79 academic year 22 Catholic coleges and unversities had closed or announced their closing during the decade. Nevertheless, Table 4 and Chart 1 show total enrollments in the Catholic sector of independent higher education had grown by 19 percent between 1970 and 1978. Although less than the 37 percent increase in the public sector, the growth in Catholic institutions compares very favorably with the 15 percent increase, shown in Chart 2, in the rest of the independent sector during the same period.

TABLE 4

TRENDS IN TOTAL ENROLLMENT IN THE INDEPENDENT SECTOR
FALL 1970 - FALL 1978
(enrollment in thousands)

YEAR	CATHOLIC	TOTAL INDEPENDENT
1970	450	2153
1971	455	2144
1972	460	2144
1973	462	2183
1974	473	2235
1975	494	2350
1976	505	2359
1977	526	2437
1978	535	2475

U.S. Data are for 50 states and the District of Columbia.
(Catholic data include Puerto Rico)
Sources: NCES Opening (Fall) Enrollment in Higher Education.
ACE/NCES Joint Project
(All Data from NCES)

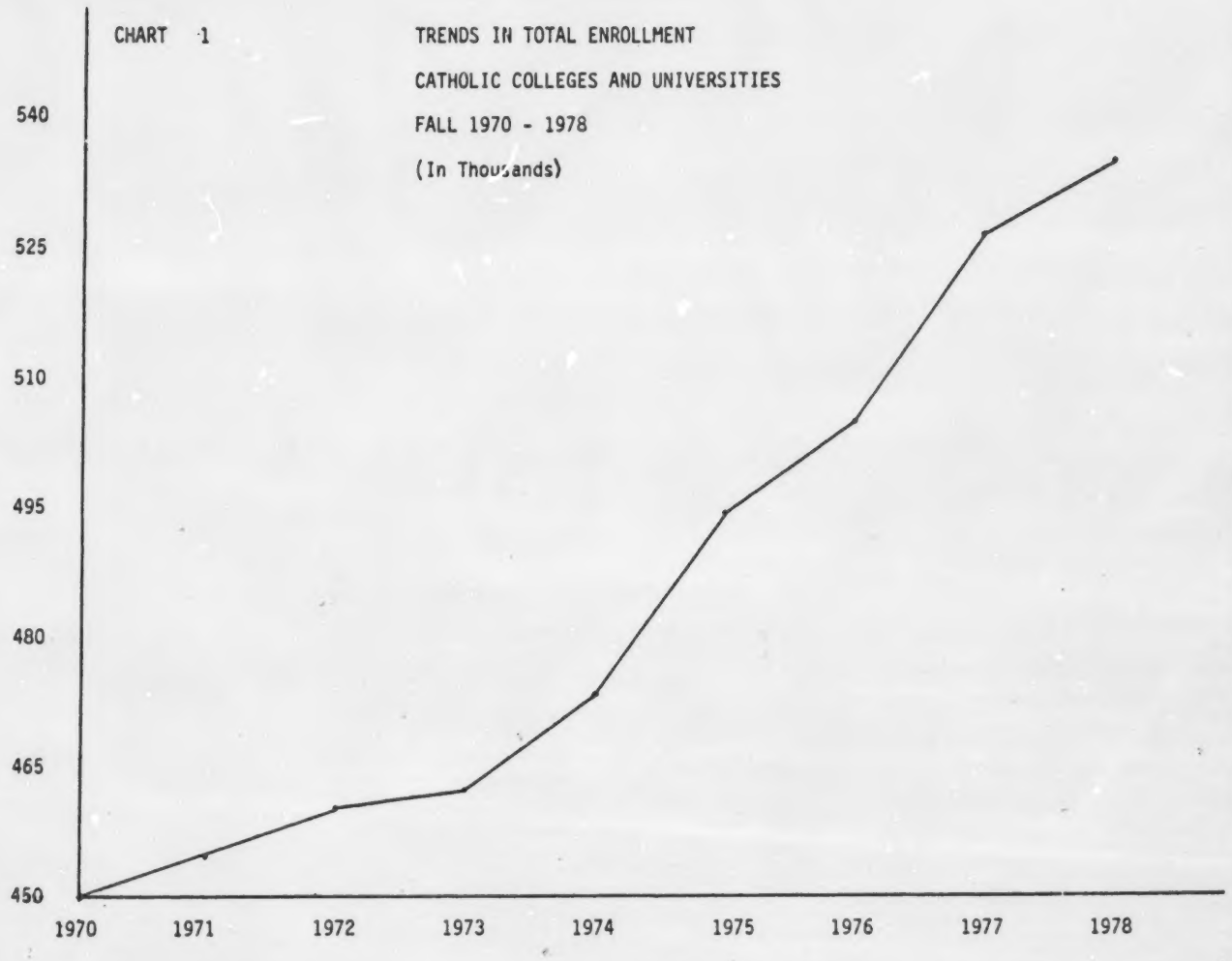
CHART 1

TRENDS IN TOTAL ENROLLMENT

CATHOLIC COLLEGES AND UNIVERSITIES

FALL 1970 - 1978

(In Thousands)



Source: ACE/NCES Joint Project
NIICU
(All data from NCES)

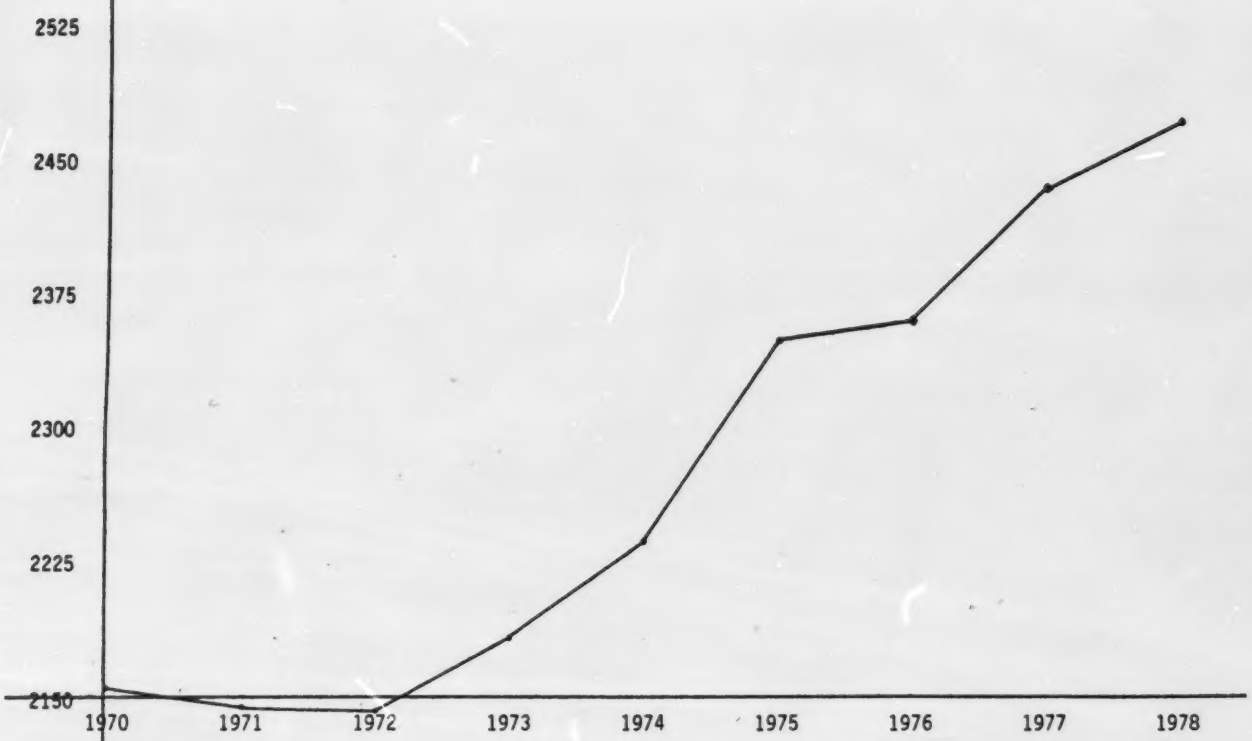
CHART 2

TRENDS IN TOTAL ENROLLMENT

PRIVATE COLLEGES AND UNIVERSITIES

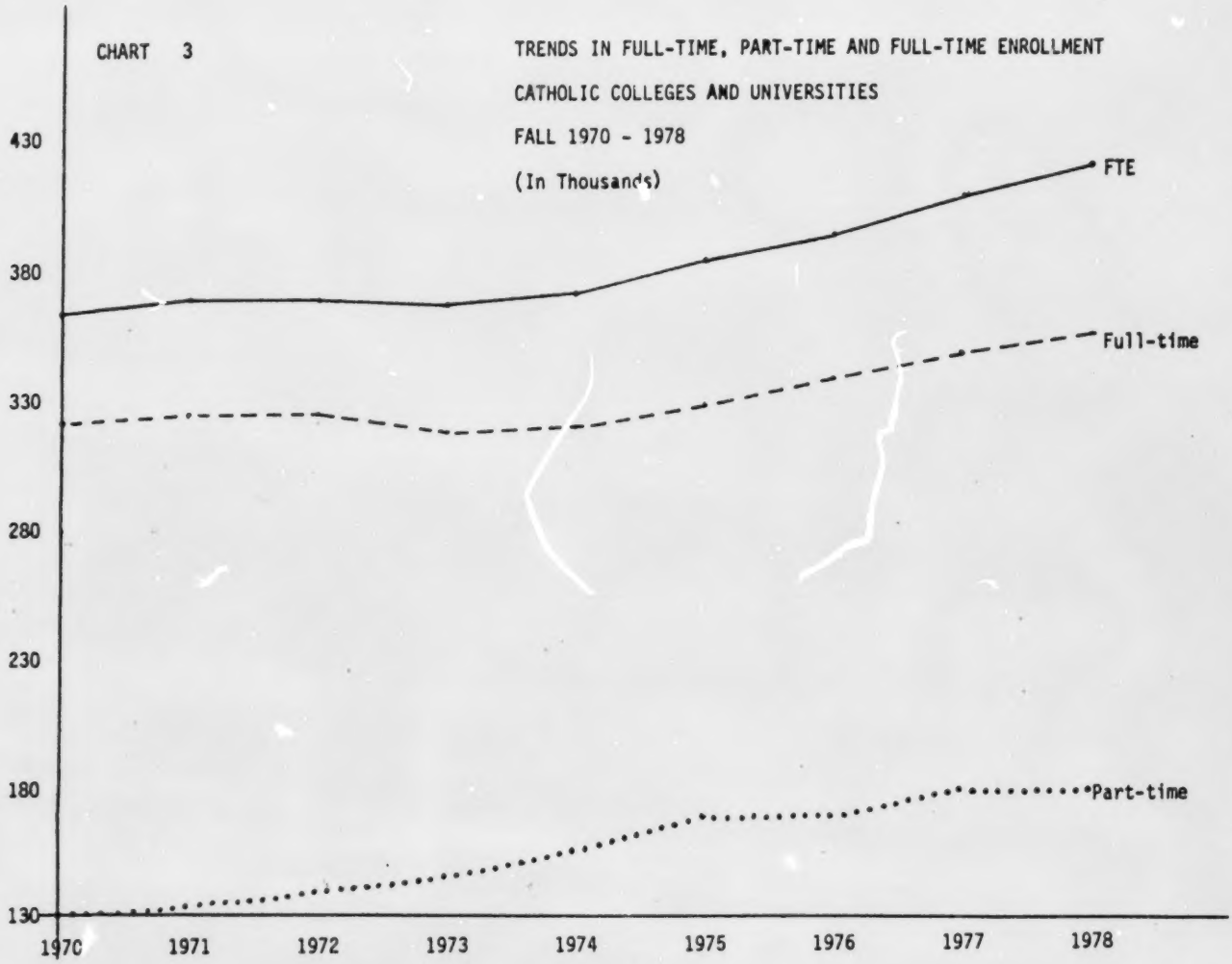
FALL 1970 - 1978

(In Thousands)



Source: NCES, OPENING (FALL) ENROLLMENT IN HIGHER EDUCATION

Enrollment in Catholic higher education between 1970 and 1979 increased at all levels, both full-time and part-time, and in all institutional categories. This growth is traced in Chart 3 below. Consistent with trends in other sectors of higher education, part-time enrollment increased more rapidly at both undergraduate and graduate levels than full-time students, 38 percent overall,



Sources: ACE/NCES Joint Project
NIICU
(All data from NCES)

compared with an increase of eleven percent in full-time students for a total increase in full-time equivalent students of 14.3 percent. Although part-time enrollment increased at 2.7 times the rate of increase of full-time students in Catholic institutions, that rate was substantially lower than 4.5 ratio in all of higher education.

Increases in enrollment were recorded at both undergraduate and graduate and first-professional levels. Table 5 illustrates that due largely to the relatively higher growth in the number of full-time students at graduate and first-professional levels, total enrollment at the advanced levels increased more than twice as rapidly as at the undergraduate level, while FTE at the graduate and first-professional level increased more than three times as rapidly as undergraduate FTE. As a result, the relative share of graduate and first-professional enrollment increased from 13.1 percent to 14.8 percent, a rate of increase one-third faster than in all of higher education.

TABLE 5

ENROLLMENT IN CATHOLIC HIGHER EDUCATION
CHANGES BETWEEN 1970 and 1978
BY STUDENT STATUS AND ENROLLMENT LEVEL
(in thousands)

	1970	1978	Percent Change
TOTAL ENROLLMENT	449.6	534.5	18.9
Full-Time	319.8	354.9	+11.0
Part-Time	129.9	179.6	+38.4
UNDERGRADUATE	339.1	378.1	+11.5
Full-Time	286.2	306.4	+ 7.1
Part-Time	52.9	71.6	+35.4
GRADUATE AND FIRST-PROFESSIONAL	81.6	102.6	+25.8
Full-Time	30.3	40.8	+34.4
Part-Time	51.2	61.8	+20.1
UNCLASSIFIED	28.9	53.9	+86.3
TOTAL FULL-TIME ENROLLMENT (FTE)	363.0	414.8	+14.5
UNDERGRADUATE	303.8	330.3	+ 8.7
GRADUATE	47.4	61.4	+29.5

Sources: ACE/NCES, NIICU
Data may not add due to rounding.

The lowest rate of enrollment increase in any major category occurred among full-time undergraduate students, whose enrollment increased 7.1 percent during the nine-year period, resulting in a slight decline in the percentage of full-time undergraduates from 84.4 to 81.1 percent of total undergraduate enrollment. Although the 35.4 percent increase in part-time undergraduates was higher than in any other comparable category, under-graduate attendance in Catholic colleges and universities remains a predominantly full-time experience.

Meanwhile, graduate and first-professional enrollments overall are growing more rapidly. Although Catholic higher education is still more heavily concentrated at the undergraduate level than the average for all of higher education, as noted earlier, full-time graduate and first-professional students increased by more than one-third during the nine year period, almost five times the rate of increase of full-time undergraduates. Part-time students at the advanced levels still outnumber full-time students by about 50 percent, but their increase was one-third slower than either the increase in full-time advanced students or part-time undergraduates. The relatively high rates of increase both in full-time graduate and first-professional students and in part-time undergraduate students may well be the result of deliberate and successful adjustments by a sector traditionally dependent upon full-time undergraduate enrollment to warnings about declining birth rates and about changes in attendance preferences of both younger and older students.

By type of institution, it was the category of "other four-year" institutions, rather than doctoral universities or two-year colleges that showed the greatest enrollment growth between 1970-71 and 1978-79. Full-time equivalent enrollment in these four-year institutions rose by over 16 percent during the period, compared with approximately 11.5 percent increases for both the unviersity and the two-year college groups. Although the HEGIS category of "other four-year" institutions includes comprehensive universities and colleges as well as liberal arts colleges, it is worth noting that FTE in all liberal arts colleges in the private sector increased by only 4 percent between 1970-71 and 1977-78.[2]

The lower rate of enrollment growth in the Catholic university group, when compared with other four-year Catholic institutions, may be explained partly by declines in enrollment in several urban universities as well as by policies of relatively controlled enrollment in some institutions. The rate of enrollment growth in Catholic two-year colleges, while a steady increase, did not match the 25 percent growth rate other independent, non-profit, two-year colleges, which experienced between 1970-71 and 1977-78.[3]

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[2]ACE/NCES Joint Project on Enrollment Trends.
[3]Ibid.

ENROLLMENT IN CATHOLIC WOMEN'S COLLEGES

General Characteristics

Several facts point to the importance of women in Catholic higher education. The Neylan project of ACCU, has identified 116 colleges and universities in existance in Fall, 1979, that have been founded or affiliated with Catholic religious orders of women. As indicated earlier, women now constitute over 53 percent of total enrollment in Catholic higher education, while 21 percent of Catholic colleges and universities can be identified as women's colleges for enrollment purposes.[4] Based upon institutional data for women's colleges collected by the ACE-NCES Joint Project on Enrollment Trends, Catholic women's colleges in 1977-78 represented over 40 percent of all women's colleges in the nation, accounting for more than a third of the enrollment in those colleges.

Catholic women's colleges are relatively small institutions with average enrollments less than half the average of all Catholic four-year institutions (excluding the HEGIS university category). Full-time students in 1978-79 constituted a slightly higher percentage of total enrollment than the average for all Catholic institutions, and undergraduates accounted for 90 percent of full-time equivalent enrollment compared with 80 percent in all of Catholic higher education.

Catholic women's colleges are even more geographically concentrated than the rest of Catholic higher education. Only three women's colleges in 1978-79 were located outside the northeast and northcentral states, with 52 percent of the institutions located in four states in the northeast: New York, Pennsylvania, Massachusetts, and New Jersey. A total of 62 percent of the Catholic women's colleges were situated in the northeast and another 32 percent in the northcentral states.

Enrollment Trends in Catholic Women's Colleges

Conventional wisdom has tended to write off women's colleges as a disappearing phenomenon. It is true that total full-time equivalent enrollment in all the nation's women's colleges decreased annually between 1970-71 and 1975-76. Since that time, however, there has been an increase and levelling off, with a net decline of 27 percent in FTE between 1970-71 and 1977-78, 21 percent in the first year, but only 6 percent in the remaining seven years.

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[4]For purposes of quantitative analysis, women's colleges are defined as those whose full-time equivalent enrollment is at least 90 percent female, according to the criterion accepted by the Office of Women in Higher Education of the American Council on Education.

TABLE 6

CHANGES IN ENROLLMENT OF CATHOLIC WOMEN'S COLLEGES
1970 to 1978
(enrollment in thousands)

YEAR	TOTAL ENROLLMENT	FULL TIME	PART TIME	FTE	NUMBER OF INSTITUTIONS
1970	41.3	33.4	7.9	36.0	62
1971	40.0	32.1	8.0	34.7	60
1972	39.0	30.8	8.1	33.5	58
1973	39.4	29.6	9.8	32.9	55
1974	39.3	28.5	10.8	32.1	55
1975	40.4	28.5	11.8	32.5	52
1976	42.3	29.9	12.4	34.1	52
1977	43.0	29.9	13.4	34.2	52
1978	43.0	29.6	13.4	34.1	50
% Change 1970-1978	+4.2	-11.2	+69	-5.3	-19.3

Sources: ACE/NCES and NIICU
Data may not add to totals due to rounding.

For Catholic women's colleges the decade was promising. As seen in Table 6 above, enrollment declined slightly in the early years of the decade. The decline was partially offset in later years, however, for a net increase in total enrollment between 1970-71 and 1978-79 of 4.2 percent but a net decrease in FTE of 5.3 percent.

During the same period, 12 of 62 women's colleges closed, ten by 1975 and two more in 1978. The 50 women's colleges that remained open through 1979 experienced an increase of 18.1 percent in total enrollment between 1970-71 and 1978-79, almost equal to the 18.9 percent increase for all of Catholic higher education and greater than the 15 percent increase for all of independent higher education during the same period. These data suggest that women's education in single-sex institutions continues to be a viable and distinctive segment of Catholic higher education.

At the same time, those women's colleges which have remained viable have had to adjust to significant changes in the composition of enrollment, particularly in the importance of part-time students. (See Charts 4 and 5 on the following page.) The increase in total enrollment of Catholic women's colleges was primarily a function of part-time enrollment. While full-time students declined by 11.2 percent, it was the 69 percent increase in part-time enrollment that resulted in a net enrollment increase by the last year of the decade.

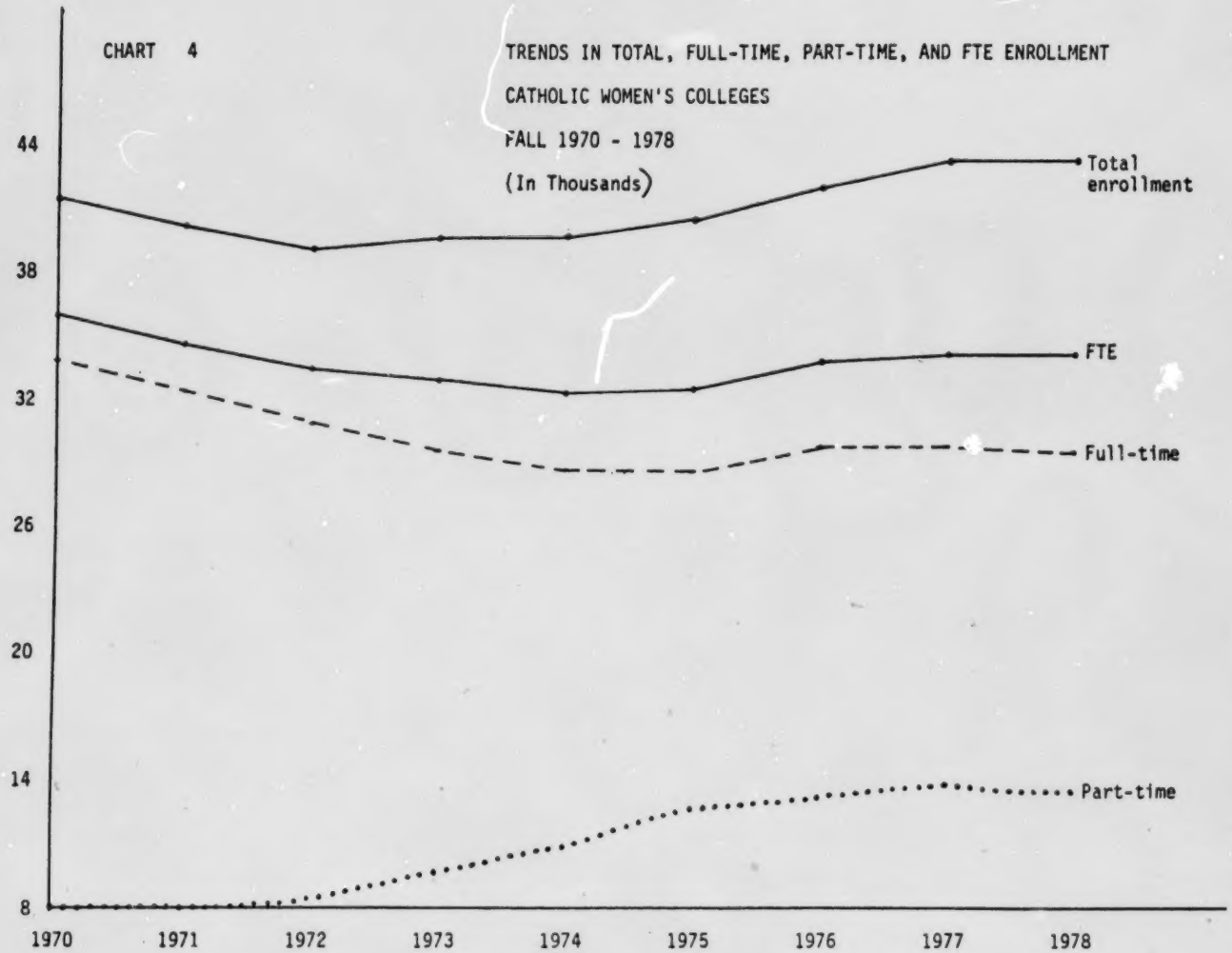
CHART 4

TRENDS IN TOTAL, FULL-TIME, PART-TIME, AND FTE ENROLLMENT

CATHOLIC WOMEN'S COLLEGES

FALL 1970 - 1978

(In Thousands)



Sources: ACE/NCES Joint Project
NIICU

(All data from NCES)

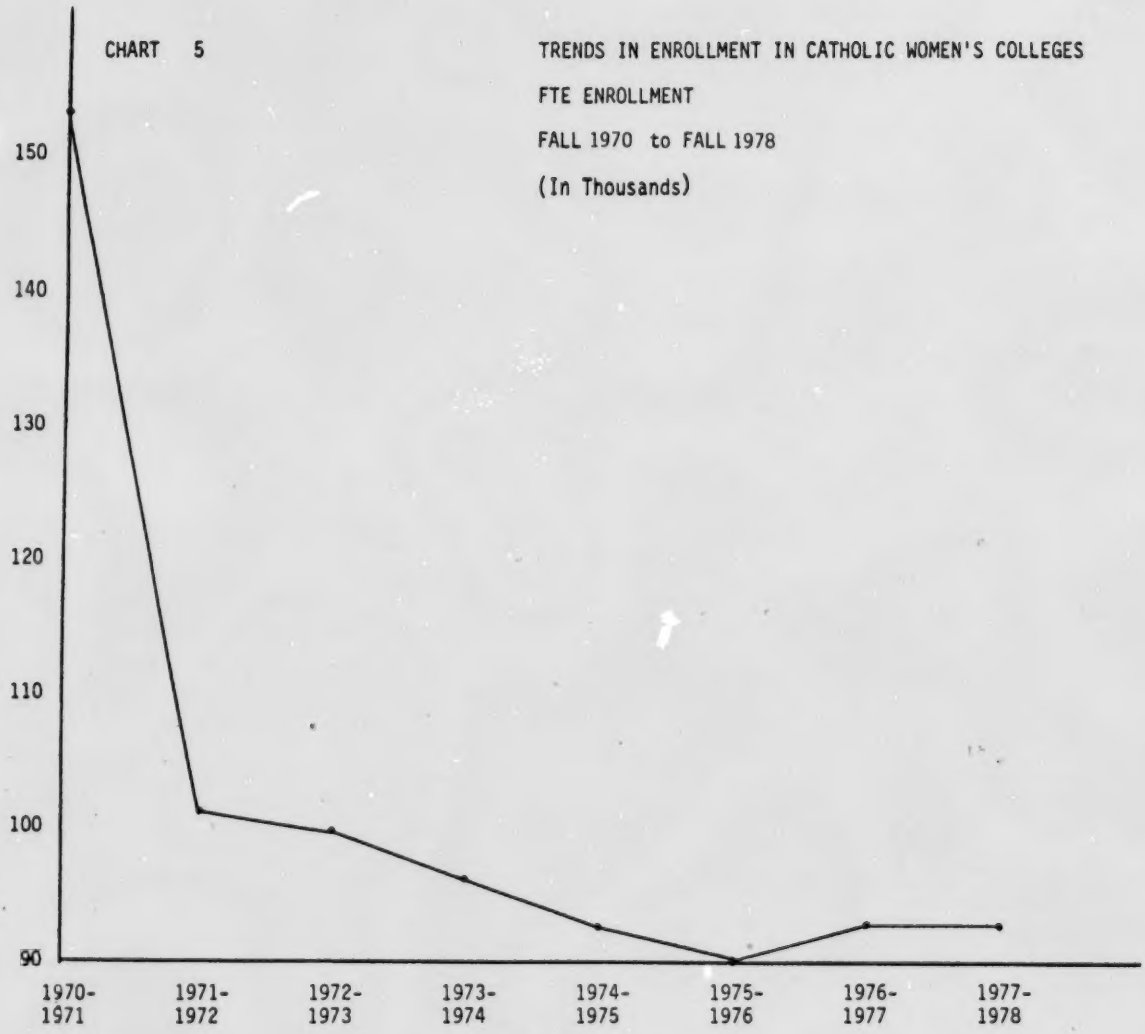
CHART 5

TRENDS IN ENROLLMENT IN CATHOLIC WOMEN'S COLLEGES

FTE ENROLLMENT

FALL 1970 to FALL 1978

(In Thousands)



Source:: ACE/NCES Joint Project on Enrollment Trends

Enrollment in Women's Colleges Gone Coed

While enrollments in Catholic women's colleges fared relatively well during the 1970's, over 40 percent of those that were single sex in 1969 had become coeducational by 1979. For this group of 39 colleges, profiled in Table 7, the admission of males resulted in enrollment increases at every level that substantially exceeded not only the averages for single-sex Catholic women's colleges but also the averages for all of Catholic higher education.

TABLE 7

CHANGES IN ENROLLMENT OF CATHOLIC WOMEN'S COLLEGES THAT BECAME COEDUCATIONAL
1970 - 1978
(enrollment in thousands)

YEAR	TOTAL ENROLLMENT	FULL TIME	PART TIME	FTE	NUMBER OF INSTITUTIONS
1970	27.9	20.9	6.9	23.3	39
1971	28.9	20.6	8.3	23.4	39
1972	31.6	21.8	9.9	25.1	39
1973	33.4	21.6	11.8	25.5	39
1974	36.6	22.1	14.4	26.9	39
1975	39.9	23.0	16.9	28.6	39
1976	42.5	24.3	18.1	30.4	39
1977	45.1	25.5	19.6	32.0	39
1978	46.9	26.4	20.5	33.2	38
% CHANGE 1970 - 1978	+68.2	+25.9	+19.6	+42.8	- 2.6

Sources: ACE/NCES and NIICU
Data may not add to totals due to rounding.

Between 1970-71 and 1978-79, total enrollment in this group of coed colleges increased by 68.2 percent while FTE was up by 42.8 percent, despite the closing of one college in 1978. Even full-time undergraduate enrollment rose by 116.2 percent. The largest increases at both undergraduate and graduate levels occurred among part-time students, who almost tripled in number during the eight-year period.

At the beginning of the decade the average enrollment of the colleges in this group was slightly lower than that of the colleges which were to remain single-sex. By 1979, however, the average FTE in these colleges was 22 percent greater than in the colleges which had remained single-sex, and males accounted for 22 percent of total FTE. Enrollment of women in these institutions increased by more than twice the rate of increase in the Catholic women's colleges that were open throughout the period.

It is worth nothing that the ten men's colleges that became coeducational during the same period experienced a similar growth in FTE, 42.4 percent, as the women's colleges that ceased to be single-sex. Although the increase was greatest among part-time students, 97.6 percent, the increase in full-time undergraduates was an impressive 35.9 percent between 1970-71 and 1978-79. The average FTE of these institutions increased from 1295 to 1844 during the same period.

Conclusion

To the extent that enrollment data can be used as a proxy for institutional vitality, the evidence suggests considerable flexibility in the ability of traditionally single-sex Catholic colleges to respond to contemporary needs, both as single-sex institutions and as coed institutions. Although the colleges that allowed their enrollments to become coeducational scored impressive enrollment gains, the large bloc of women's colleges that chose to remain single-sex registered gains sufficiently strong to validate the continued significance of women's education as a distinguishing feature of Catholic higher education.

ENROLLMENT SUMMARY AND INDICATIONS OF THE FUTURE

Despite all the inferences from conventional wisdom about higher education, the enrollment data for the seventies indicate that Catholic colleges and universities have been remarkably resilient in adapting to changing circumstances. Expansion of graduate and first-professional programs, accommodation of part-time students, coeducation for some colleges and renewed strength in women's education, are all indicators of institutional flexibility in Catholic higher education. Catholic higher education ought to be able to face the eighties with as much confidence as any segment of independent higher education.

Nevertheless, there are signals in the enrollment data which indicate that the resiliency of Catholic higher education will continue to be tested, and more severely. Full-time undergraduate enrollment continues to be the major component of the enrollment base, accounting for 74 percent of FTE in 1978-79. However, it is this component that grew the least during the 1970's, just keeping pace with the seven percent national increase in high school graduates between 1971 and 1978. Between 1979 and 1989, the size of the high school graduating class is expected to decline nationally by about 15 percent.[5] If full-time undergraduate enrollment in Catholic higher education just continues to keep pace, the result would be an FTE decline of 11 percent, assuming stability in other enrollment components.

Signs of change may already be appearing. Although the FTE of first-time freshmen in Catholic institutions increased by a respectable 1.1 percent between 1977-78 and 1978-79 (slightly higher than the averge annual increase through the decade), the increase was not shared by all types of institutions. While first-time freshman FTE increased by a sizeable 3.1 percent in the doctoral universities, the increase in the other four-year institutions was less than two-tenths of one percent.

Moreover, since Catholic colleges and universities are not distributed proportionately to population, the effects of declining birth rates could be even worse for them. In the northeast, for example, which accounted in 1979 for 47 percent of total enrollment in Catholic colleges and universities, the decline in

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[5]High School Graduates: Projections for the Fifty States, (Boulder, CO: The Western Interstate Commission for Higher Education, National Institute of Independent Colleges and Universities and Teachers Insurance and Annuity Association, November, 1979).

high school graduates is expected to be 24 percent by 1989; and in the northcentral states, which accounted for another 33 percent of enrollment in Catholic higher education, the decline in high school graduates by 1989 is projected to be 21 percent. If enrollments in Catholic colleges and universities continue simply to keep pace, the result could be FTE declines in these areas of 18 percent and 16 percent respectively.

As indicated earlier, enrollment growth in Catholic higher education has been enhanced by increases at the graduate and first-professional levels and especially by the rapid rise in numbers of part-time students at all levels. The share of total enrollment taken by advanced students in Catholic higher education is still below the national average, and peak size in graduating classes of undergraduates during the first half of the 80's suggest a good potential for continued enrollment growth at graduate and first-professional levels in Catholic higher education.

Whether or not the 38.4 percent rate of increase in part-time enrollment during the first nine years of the 70's can be maintained through the next decade is questionable. Competition for the part-time student in a shrinking market is likely to be keen and may actually erode still further the already diminishing full-time undergraduate base without a compensating increase in full-time equivalent enrollments. Increases in non-residential students on campus for relatively few hours a week may help offset decreases in full-time undergraduates. However, the resulting change in the composition of student bodies will test the flexibility of Catholic institutions to maintain distinctive educational and religious identities.

The decade of the 70's has already shown that Catholic colleges and universities are institutionally viable and capable of attacting part-time and older students. Even if these students only partly offset the projected declines in full-time undergraduates, enrollment in Catholic higher education by the late 1980's need not be lower than the levels of the early 70's. The actual outcome will, of course, depend upon a variety of demographic, economic and educational influences not analyzed here, including inflation; availability of public and private sources of financial aid; educational opportunities in the public sector and in other independent institutions; changes in the percentage of high school graduates enrolling in higher education; changes in retention rates, especially among undergraduates; and additional markets for non-traditional students, including minorities and foreign students. The viability of individual institutions will vary according to the impact of variables like these.

Nevertheless, assuming continuation of the institutional flexibility suggested by enrollment data for the 1970's, the decade of the 80's is not likely to produce the crisis of institutional survival within Catholic higher education that worries many educators. For Catholic colleges and universities the greater danger is the erosion of distinctive identity as the age, composition and commitment of student bodies change and institutions strain to competitive educational markets. In demonstrating its ability to win the enrollment battle of the 80's, Catholic higher education may well run the risk of losing something much greater.

II. FINANCIAL OPERATIONS IN CATHOLIC COLLEGES AND UNIVERSITIES

Although most Catholic colleges and universities are substantially smaller in enrollment and budget than many of the rest of independent colleges and universities, nevertheless, based upon HEGIS financial data for fiscal year 1978, Catholic higher education is an indudstry that has passed the two billion dollar mark in annual revenues and expenditures.

REVENUES

Catholic higher education depends very heavily for income upon what it earns in providing services to its students. Table 8 summarizes the sources of current revenues for all Catholic colleges and universities. Endowment income covers only 2.1 percent of educational and general expenditures and accounts for only 1.5 percent of total current revenues. Private gifts and grants cover another 10.7 percent of E & G expenditures and account for 7.9 percent of total current revneues. Government grants and appropriations from state and federal sources equal 14.4 percent of E & G expenditures accounting for 10.6 percent of total current revenues. By far the largest source of revenues is tuition and fees from students, which cover 71.9 percent of E & G expenditures and make up 53 percent of total current revenues.

TABLE 8

CURRENT REVENUES
ALL CATHOLIC COLLEGES AND UNIVERSITIES

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in millions)	Percent of Total	Dollars (in millions)	Percent of Total
Tuition	978.2	53.0	1083.5	53.0
Federal Government	160.4	8.7	167.1	8.2
State Government	44.2	2.4	49.9	2.4
Local Government	2.0	0.1	3.0	0.2
Private Gifts	143.8	7.8	161.7	7.9
Endowment Income	26.6	1.4	31.1	1.5
Sales	442.5	24.0	489.2	24.0
Other	48.0	2.6	57.4	2.8
TOTAL	1845.7	100.0	2042.9	100.0

Source: NIICU/HEGIS
Data may not add to totals due to rounding.

Among the three categories of institutions (doctoral universities, "other four-year" institutions and two-year institutions), it is the "other four-year" institutions, including comprehensive universities and liberal arts colleges, that are the most tuition dependent. As Table 9 shows, in those institutions, tuition covers 74.6 percent of E & G expenditures and accounts for 58.3 percent of total current revenues.

TABLE 9

CURRENT REVENUES
CATHOLIC 4 YEAR COLLEGES AND UNIVERSITIES
(other than doctoral)

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in thousands)	Percent of Total	Dollars (in thousands)	Percent of Total
Tuition	584,136	58.0	646,800	58.3
Federal Government	82,129	8.2	89,682	8.1
State Government	24,822	2.5	26,903	2.4
Local Government	1,074	0.1	2,082	0.2
Private Gifts	93,511	9.3	100,344	9.0
Endowment Income	11,602	1.2	12,913	1.2
Sales	180,467	17.9	195,812	17.6
Other	29,818	3.0	35,553	3.2
TOTAL	1,007,558	100.0	1,110,089	100.0

Source: NIICU/HEGIS
Data may not add to totals due to rounding.

Two-year colleges, illustrated in Table 10, are the least dependent upon tuition as a percentage of E & G expenditures, 65.3 percent, and most dependent upon private gifts, both as a percentage of E & G expenditures, 20.1, and as a percentage of total current revenues, 17.2.

TABLE 10

CURRENT REVENUES
CATHOLIC TWO-YEAR COLLEGES

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in thousands)	Percent of Total	Dollars (in thousands)	Percent of Total
Tuition	14,613	55.1	16,796	55.8
Federal Government	1,819	6.9	2,480	8.2
State Government	694	2.6	946	0.2
Local Government	16	0.1	46	0.2
Private Gifts	5,063	19.1	5,172	17.2
Endowment Income	74	0.3	104	0.4
Sales	3,281	12.4	3,309	11.0
Other	959	3.6	1,251	4.2
TOTAL	26,519	100.0	30,104	100.0

Source: NIICU/HEGIS
Data may not add to totals due to rounding.

The doctoral universities, on the other hand, depend most heavily among the three groups on endowment income and government grants and appropriations. Since private doctoral universities are commonly expected to have more than their share of endowed positions and sponsored research, these results are not unusual.

TABLE 11

CURRENT REVENUES
CATHOLIC DOCTORAL UNIVERSITIES

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in thousands)	Percent of Total	Dollars (in thousands)	Percent of Total
Tuition	377,532	46.7	417,700	46.4
Federal Government	76,207	9.4	74,860	8.3
State Government	18,669	2.3	21,976	2.4
Local Government	919	0.1	56,140	0.1
Private Gifts	45,262	5.6	18,076	2.0
Endowment Income	257,869	31.9	289,137	32.2
Sales	17,205	2.1	20,540	2.3
TOTAL	808,556	100.0	899,313	100.0

Source: NIICU/HEGIS
Data may not add to totals due to rounding.

In fact, what may be more unusual is the relative homogeneity of the three groups of institutions with respect to endowment income and federal outlays. Thus, although the doctoral universities depend more heavily upon endowment income, that income still accounts for only three percent of E & G expenditures and two percent of total current revenues, in both measures a less than one percent differential from the averages for all Catholic institutions. It is interesting to note that the endowment income reported by five Catholic universities accounts for slightly more than one-third the total reported endowment income for all Catholic colleges and universities.

Similarly, federal grants to Catholic doctoral universities account for a share of total revenues of those institutions that is only one tenth of one percent higher than the average for all two-year and four-year Catholic colleges and universities. It ought not to be surprising then that no Catholic university regularly appears in the list of the 100 universities receiving the most federal grants.

Tuition constitutes a lower percentage of total current revenues of the doctoral universities, not because of research grants, but because of hospital income. Since only four Catholic universities actually have hospitals, it might be more revealing to point out that tuition covers 68.3 percent of educational and general expenditures in doctoral universities, only slightly less than the average of 71.9 percent for all Catholic colleges and universities.

REVENUE COMPARISON WITH PRIVATE SECTOR

According to HEGIS data Catholic higher education accounted for approximately 13 percent of total current fund revenues of private higher education in America. As Table 12 illustrates, however, the sources of those revenues vary considerably between the two sectors. Catholic colleges and universities are much more tuition dependent than their counterparts in the rest

TABLE 12

CATHOLIC AND ALL INDEPENDENT COLLEGES AND UNIVERSITIES
FISCAL YEAR 1977

	CATHOLIC COLLEGES AND UNIVERSITIES		ALL INDEPENDENT COLLEGES AND UNIVERSITIES	
	Dollars (in millions)	Percent of Total	Dollars (in millions)	Percent of Total
Tuition	978.2	53.0	5170.7	36.5
Federal Appropriations	12.7	0.7	149.6	1.1
State Appropriations	25.7	1.4	187.1	1.3
Local Appropriations	0.0	0.0	4.1	0.03
Government Grants	168.2	9.1	2047.0	14.4
Private Gifts	143.8	7.8	1422.1	10.0
Endowment Income	26.6	1.4	666.5	4.7
Independent Income	0.1	0.0	441.9	3.1
Other	48.0	2.6	810.2	5.7
TOTAL	1845.7	100.0	14181.5	100.0

Source: NIICU from HEGIS
Data may not add to totals due to rounding.

of the private sector. Tuition and fees account for over half of total current revenues in Catholic colleges and universities but make up only slightly more than one-third the current fund revenues in all private institutions. Grants and appropriations from governmental sources, federal, state and local, account for over 17 percent of current revenues in all independent colleges and universities, but constitute only slightly more than 11 percent of the total in Catholic institutions, although the share from state appropriations is comparable.

Non-Catholic colleges and universities also attract a higher share of gifts to their current fund revenues than do their Catholic peers. Although endowment income appears to be a relatively modest percentage of current revenues in both sectors, it still accounts for over three times as high a share of the total in all independent institutions as in the Catholic colleges and universities. With relatively less support from the government, from donors and from investments, Catholic colleges and universities are simply more dependent than the rest of the independent sector on the ability of their students to pay for their education. Hence, Catholic colleges and universities have an especially large stake in student financial aid which will be discussed in the following chapter.

TRENDS IN REVENUES

At present, HEGIS financial data for Catholic colleges and universities have been aggregated for the two most recent fiscal years available, 1977 and 1978. Hence, it is not possible at this stage to develop much trend analysis. However, a few of the changes in composition of revenues from 1977 to 1978 noted in Table 13 deserve attention as possible indicators of trends with significant implications for the financial future of Catholic higher education.

TABLE 13

CURRENT REVENUES
INDICES OF CHANGE: 1977=100
CATHOLIC COLLEGES AND UNIVERSITIES

	DOCTORAL UNIVERSITIES				OTHER FOUR-YEAR UNIVERSITIES				TWO-YEAR COLLEGES			
	Dollars		% of Total		Dollars		% of Total		Dollars		% of Total	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Tuition	100	111	100	100	100	111	100	100	100	115	100	101
Federal Government	100	98	100	88	100	109	100	99	100	136	100	119
State Government	100	118	100	108	100	109	100	97	100	136	100	119
Local Government	100	96	100	86	100	194	100	180	100	288	100	260
Private Gifts	100	124	100	112	100	107	100	97	100	102	100	90
Endowment Income	100	122	100	111	100	111	100	100	100	141	100	120
Sales	100	112	100	101	100	109	100	98	100	101	100	89
Other	100	119	100	109	100	119	100	107	100	131	100	117
TOTAL	100	111	100	---	100	110	100	---	100	114	100	---

Source: NIICU from HEGIS
Data may not add to total due to rounding.

For all three categories of institutions, doctoral universities, "other four-year" institutions and two-year colleges, total revenues increased at a pace that rather precisely reflected both inflation and enrollment increases. Total current fund revenues of all Catholic colleges and universities increased 10.7 percent, while FTE increased 4.0 percent and the Higher Education Price Index increased 6.7 percent.

Catholic colleges and universities in each category were able to increase tuition sufficiently to retain its same share of total current revenues. For the doctoral universities, government revenues from federal and local sources declined both absolutely and as a percentage of the total. However, income from state governments, private gifts and endowment income increased both absolutely and relatively to make up the difference, while income from sales retained an almost constant share of the total.

The four-year colleges and comprehensive universities, on the other hand, experienced more balanced absolute increases in all revenue sources with modest declines in the relative shares from state governments and private gifts. The two-year colleges experienced absolute and relative gains in income from all levels of government and from endowment, but these remain relatively minor sources of income for those institutions. Like the other four-year institutions, the two-year colleges experienced a below-average increase in private giving.

In all three categories of institutions the ability to raise tuition was an important determinant in meeting inflation, a task that demands more attention as the rate of inflation increases and as income from other significant sources, e.g., the federal government for the doctoral universities and private giving for the other institutions, shows evidence of failing to keep pace.

EXPENDITURES

Educational and general expenditures in Catholic higher education account for 77.7 percent of total expenditures according to HEGIS data. Table 14 shows that this percentage remained constant for both fiscal years 1977 and 1978. The percentage is lowest, about 72 percent, among the doctoral universities because of the four that have hospitals. The percentage is highest among two-year colleges, over 88 percent, because of limited auxiliary enterprises, with the "other four-year" institutions just above the average at 82 percent. Tables 15, 16, and 17 show how Catholic doctoral universities, "other four-year" institutions and two-year colleges allocate their current educational and general expenditures in eight key areas.

Within educational and general expenditures, instruction unsurprisingly accounts for the largest share, 43.5 percent. What is more surprising, however, is the fact that instruction as a percentage of E&G expenditures is highest among the doctoral universities, about 49 percent, compared with 40 percent for the "other four-year" institutions and 38 percent for the two-year colleges. Research expenditures account for three times as high a share of the E&G budget in the doctoral universities as in the "other four-year" institutions, although even in the doctoral universities the share is a relatively low six percent of total E&G expenditures.

TABLE 14

CURRENT EXPENDITURES, EDUCATIONAL AND GENERAL
ALL CATHOLIC COLLEGES AND UNIVERSITIES

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in millions)	Percent of Total	Dollars (in millions)	Percent of Total
Instruction	601.0	43.9	655.3	43.5
Research	50.7	3.7	53.2	3.5
Public Service	13.1	1.0	17.7	1.2
Academic Support	105.9	7.7	119.4	7.9
Student Services	98.4	7.2	110.1	7.3
Institutional Support	211.1	15.4	233.5	15.5
Plant	154.3	11.3	168.3	11.2
Student Aid	135.6	9.9	148.7	9.9
TOTAL E&G	1370.2	100.0	1506.2	100.0
E&G Percentage of Total Current Expenditures		77.7		77.7

Source: NIICU from HEGIS
Data may not add due to rounding.
[1]Including mandatory transfers.

TABLE 15

CURRENT EXPENDITURES, EDUCATIONAL AND GENERAL
CATHOLIC DOCTORAL UNIVERSITIES

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in thousands)	Percent of Total	Dollars (in thousands)	Percent of Total
Instruction	274,719	49.2	298,497	48.8
Research	36,950	6.6	37,094	6.1
Public Service	4,429	0.8	7,718	1.3
Academic Support	42,710	7.6	47,202	7.7
Student Services	27,160	4.9	30,776	5.0
Institutional Support	69,535	12.4	75,542	12.4
Plant	57,927	10.4	63,295	10.4
Student Aid	45,399	8.1	51,335	8.4
TOTAL E&G	558,830	100.0	611,459	100.0
E&G Percentage of Total Current Expenditures		72.0		71.7

Source: NIICU from HEGIS
Data may not add due to rounding.
[1]Including mandatory transfers.

TABLE 16

CURRENT EXPENDITURES, EDUCATIONAL AND GENERAL
CATHOLIC FOUR YEAR COLLEGES AND UNIVERSITIES
(other than doctoral)

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in thousands)	Percent of Total	Dollars (in thousands)	Percent of Total
Instruction	316,141	40.2	345,633	39.9
Research	13,626	1.7	16,039	1.9
Public Service	8,571	1.1	9,878	1.1
Academic Support	60,885	7.8	69,701	8.0
Student Services	68,882	8.8	76,847	8.9
Institutional Support	136,038	17.3	151,292	17.5
Plant	93,113	11.8	101,587	11.7
Student Aid	88,760	11.3	95,665	11.0
TOTAL E&G	786,015	100.0	866,643	100.0
E&G Percentage of Total Current Expenditures		82.0		82.3

Source: NIICU/HEGIS
Data may not add due to rounding.
[1]Including mandatory transfers.

TABLE 17

CURRENT EXPENDITURES, EDUCATIONAL AND GENERAL
CATHOLIC TWO-YEAR COLLEGES

	FISCAL YEAR 1977		FISCAL YEAR 1978	
	Dollars (in thousands)	Percent of Total	Dollars (in thousands)	Percent of Total
Instruction	8,955	38.9	9,847	38.3
Research	23	0.1	39	0.2
Public Service	88	0.4	106	0.4
Academic Support	2,138	9.3	2,356	9.2
Student Services	2,098	9.1	2,245	8.7
Institutional Support	5,326	23.2	6,361	24.7
Plant	2,990	13.0	3,100	12.0
Student Aid	1,381	6.0	1,686	6.6
TOTAL E&G	22,997	100.0	25,739	100.0
E&G Percentage of Total Current Expenditures		88.2		88.8

Source: NIICU from HEGIS
Data may not add due to rounding.
[1]Including mandatory transfers.

Student services are relatively more significant in the budgets of the "other four-year" institutions and the two-year colleges. These differences in relative budget priorities may well reflect the differences in educational mission between the large graduate universities and the smaller colleges and comprehensive universities. The larger universities may well emphasize the classroom and traditional academic opportunities, while the smaller institutions focus more on counseling and student life activities.

The doctoral universities devote about the same share of the E&G budget to plant maintenance as do the smaller colleges and universities. However, the "other four-year" institutions spend a greater share on unfunded student aid than do either the doctoral universities or the two-year colleges. In effect, some of the tuition money which might have been spent on instruction is returned to students, either as discounts or as a transfer from more affluent to less affluent students. This phenomenon will be examined more closely in the following chapter.

Administrative costs, as measured by institutional support as a percentage of E&G expenditures, are significantly lower in the docotral universities than in the other colleges and universities. Institutional support as reported in HEGIS data probably overstates costs of administration (and understates instructional shares) by including fringe benefits, and faculty benefits, as well as work-study expenditures. However, even if these items were reallocated, there is no reason to presume that the larger bite of the E&G dollar taken by administrative costs in the smaller colleges and universities relative to the doctoral universities would be mitigated.

EXPENDITURE COMPARISON WITH PRIVATE SECTOR

The most detailed aggregation of expenditures in independent higher education are presented in the Annual Report on Independent Higher Education by W. John Minter and Howard R. Bowen and published by the National Institute of Independent Colleges and Universities. Their data, based upon a sample of 135 institutions, including 20 Catholic colleges and universities, indicate that E&G expenditures account for the same percentage of total expenditures, 78 percent, in all of independent higher education as in the Catholic sector.

Exact comparisons of expenditure categories within the E&G total are not possible because of differences between HEGIS and the Bowen/Minter study in data classification. As already indicated in the previous section, instructional costs are understated and institutional support overstated in HEGIS data relative to Minter/Bowen data because of the reallocation of certain cost items.

Nevertheless, despite the understatement, instructional costs constitute a higher percentage of E&G expenditures in Catholic institutions, 43.5 percent, than the upward adjusted 38.5 percent share in the Minter/Bowen sample. Similarly, despite probable understatement, the share of student services is about 50 percent higher in the Catholic institutions. At the same time, the share of E&G expenditures returned to students as scholarships and fellowships is about ten percent higher in the Catholic colleges and universities. Thus, although exact comparisons are not possible, there is no reason to doubt that students in the relatively tuition dependent Catholic colleges and universities are receiving comparatively full value in services for their investment.

TRENDS IN EXPENDITURES

The aggregated HEGIS financial data on Catholic colleges and universities for the two most recent fiscal years, 1977 and 1978, reveal significant trends in spending by Catholic institutions. Table 18 shows some changes in the data for two years which deserve notice and future attention. Both E & G expenditures and total current expenditures rose by 9.9 percent between FY 1977 and 1978, slightly less than the 10.7 percent increase in total current fund revenues. These data suggest the present ability of Catholic higher education to maintain current expenditures and revenues in balance. The rate of expenditure increase was slightly below the average in the doctoral universities and slightly above average in the "other four-year" institutions and two-year colleges.

TABLE 18

CURRENT EXPENDITURES
INDICES OF CHANGE: 1977=100
CATHOLIC COLLEGES AND UNIVERSITIES

	DOCTORAL UNIVERSITIES				OTHER FOUR-YEAR UNIVERSITIES				TWO-YEAR COLLEGES			
	Dollars		% of Total		Dollars		% of Total		Dollars		% of Total	
	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978	1977	1978
Instruction	100	109	100	99	100	109	100	99	100	110	100	99
Research	100	100	100	92	100	118	100	112	100	170	100	152
Public Service	100	174	100	163	100	115	100	103	100	120	100	107
Academic Support	100	111	100	101	100	114	100	103	100	110	100	99
Student Services	100	113	100	102	100	112	100	101	100	107	100	96
Institutional Support	100	109	100	100	100	111	100	101	100	119	100	106
Plant	100	109	100	100	100	109	100	99	100	104	100	92
Student Aid	100	113	100	104	100	108	100	97	100	122	100	110
TOTAL E&G	100	109	100	---	100	110	100	---	100	112	100	---

Source: NIICU from HEGIS

Within the E&G expenditures, cost categories remained relatively stable. However, instruction as a share of the total dropped by one percent in all three institutional groups, while public service expenditures rose both absolutely and relatively in all three. If sustained, these changes could indicate a slight diversification of activity by Catholic colleges and universities, perhaps in response to perceived changes in educational needs and priorities.

In the doctoral universities, research expenditures failed to increase, thereby dropping as a share of E&G expenditures and possibly reflecting the absolute and relative decline in federal revenues between FY 1977 and 1978. By contrast, expenditures on research increased both absolutely and relatively in the "other four-year" institutions and two-year colleges, though they remain a relatively minor portion of the E&G budget.

Expenditures for student aid increased in all three classes of institution. However, student aid increased its relative share of E&G expenditures in the two-year colleges and doctoral universities, but declined as a share of the total in the "other four-year" institutions. Since the "other four-year" institutions were already devoting a larger share of E&G expenditures to student aid than the universities and two-year colleges, the decline could indicate a healthy financial trend. On the other hand, if the failure of student aid to keep pace with other expenditures represents the inability of some institutions to generate sufficient aid funds, e.g., through tuition revenues, for competitive purposes, a less optimistic conclusion is warranted.

Expenditures for plant increased in absolute dollars, but declined as a share of total E&G expenditures in all classes of institution except doctoral universities, where they retained a constant percentage of the total. Although such data suggest effective cost control, they also indicate the possiblity of deferred maintenance. If sustained as a trend, especially in a period of high inflation, deferred maintenance can become a deferred danger to the future financial health of institutions so dependent upon enrollment-based current revenues.

OTHER FINANCIAL INDICATORS

The development of a longer time series of HEGIS financial data will allow more extensive analysis of trends and development of indicators of financial health of Catholic colleges and universities. The availability of data for individual institutions also permits ACCU to offer comparison of individual institutional behavior with averages for groups of similar institutions.

However, for purposes of financial analysis, HEGIS data remain limited in scope. The absence of any balance sheet items, for example, precludes development of many useful financial indicators, including all ratios utilizing asset or liability items. The Minter/Bowen sample, for example, has revealed that 80 percent of private colleges and universities have reserves insufficient to cover operating expenses for two years. With HEGIS data it is not possible to compare the reserve position of Catholic colleges and universities.

Moreover, it has become evident that a large number of Catholic colleges and universities have developed a capacity for financial analysis that equals or exceeds what can be done externally with use of HEGIS data alone. In the state of Pennsylvania, for example, which includes 11 percent of all Catholic colleges and universities, the state association of private colleges and universites has contracted for extensive annual analysis of financial data for all member institutions with the opportunity for interinstitutional comparisons.

ACCU, through Project 80, has chosen to support development of instruments that would assist institutions that are least likely to have extensive capacity for financial analysis available internally or externally. Since this group is likely to include many small colleges, the development of Self-Assessment of Financial Condition, a workbook for small private colleges, has been especially promising. The authors, Nathan Dickmeyer of ACE and K. Scott Hughes of NACUBO, have incorporated financial indicators of special interest to Catholic institutions based upon consultation and field testing within Catholic higher education. Moreover, the possibility exists, once the workbook is in use, of developing a set of reference indicators and averages for segments of Catholic higher education for comparison purposes by individual users of the workbook. ACCU has also endorsed the proposal by CASC that has been funded by the Carnegie Foundation to expand the sample of institutions whose data provide comparative financial indicators for use in its Planning and Data System. With collaboration by ACCU, it is expected that a sub-sample of Catholic institutions will be chosen to generate appropriate data for use by Catholic colleges in comparative financial analysis.

III. STUDENT FINANCIAL AID IN CATHOLIC COLLEGES AND UNIVERSITIES: A COMPARATIVE LOOK

During the 1970's, the financial viability of Catholic colleges and universities, already relatively more dependent than other independent institutions on the ability of their students to pay for their education, became increasingly dependent upon the availability and the allocation of student financial aid. This was true for a number of reasons. As the dollar gap widened between the price of higher education in the public and independent sectors, financial aid became increasingly essential for independent colleges and universities to compete for students.

As inflation escalated in basic consumer goods and services, the discretionary income available for educational choices began to be pinched while the costs of education continued to rise with the inflation. It is not surprising, then, that a recent doctoral dissertation[6] analyzing enrollment decisions by students in Catholic colleges and universities lists availability of financial aid as one of the principal determinants of the decision to enroll.

On the supply side, colleges and universities during the 1970's turned more and more to external sources of student aid to cope with inflation and tuition differentials. For most Catholic colleges and universities the principal internal source of student aid is not endowment income, but unfunded aid built into current operating budgets. Increases in these sources of internal aid were soon overshadowed by the availability of funds from state and federal programs of student financial assistance. The availability of state aid varied with geography and, for once, Catholic colleges and universities were favorably located as a group. Four of the five states enrolling 41 percent of total enrollment in Catholic institutions (California, Illinois, New York and Pennsylvania) have generous student aid programs. Federal aid received its biggest impetus from the Basic Educational Opportunity Grants program, which, from its inception in 1973, grew to a 2.5 billion dollar aid program by the end of the decade.

The significance of student aid to the financial health of independent colleges and universities deserves special attention because of the relatively recent rapid growth of institutional revenues directly or indirectly dependent upon student aid and because conventional analytical tools of financial management seldom focus on institutional dependence upon revenues from student aid. In many institutions financial aid offices account for more revenue dollars than development offices. Moreover, as externally funded student aid accounts for an increasing share of student aid packages, it is likely to have increasing influence on institutional policy through the composition of enrollments and through the criteria with which total aid, public and private, is distributed among the students of an individual institution.

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[6]Rita A. Scherrei, A National Study of Catholic Students (unpublished doctoral dissertation, University of California at Los Angeles, 1980), p. 131 and passim.

The amounts and composition of student aid within institutions depend upon decisions made by both the institutions and the students or their families as well as upon the formulas of government aid programs. Some state and federal grant and loan programs make awards directly to students. However, colleges and universities not only determine the level and distribution of their own aid resources, but also exercise varying degrees of effective initiative in determining institutional allocations from the federal campus-based programs.

The NIICU Student Aid Recipient Data Bank has collected sample data on the characteristics of aid distribution among the students of 85 independent colleges and universities. Institutions included in the survey supplied data for a randomly selected ten percent of the recipients of student aid during the academic year 1978-79, including information about personal and family characteristics as well as a detailed breakdown of amounts and forms of aid received by the individual student. Nineteen of the 85 institutions surveyed (22.3%) are identified as Catholic institutions by ACCU, representing nine percent of Catholic colleges and universities. Of the 7,468 student aid recipients included in the sample, 2,885 undergraduates (33.6%) were enrolled in the Catholic institutions. Hence, it has been possible to use the sample to compare student aid performance of Catholic and non-Catholic institutions.

STUDENT CHARACTERISTICS

The Catholic sample of undergraduate student aid recipients contains a slightly lower percentage of financially dependent students, 80% compared with 85% in non-Catholic institutions. However, the distribution by age and class year among students still dependent upon their families does not differ significantly. Table 19 on the following page shows that the median age in both sectors is 19 and there is a steady decline in the number of aid recipients between freshmen (about 35% of the total) and senior (about 15%). Catholic institutions in the sample enrolled a slightly higher percentage of women (55%) than the others (51%).

Catholic institutions, though, enroll a much higher percentage of commuters among their dependent aid recipients, 54% compared with a commuter rate of only 16% of the students in other independent institutions. Moreover, the distribution of minorities among aid recipients varies between the two groups. The percentage of minorities among aid recipients is only slightly higher in non-Catholic institutions (16%) than in Catholic colleges and universities (13.5%). However, blacks account for three out of four minorities in the non-Catholic sample but less than half in the Catholic group. On the other hand, the percentage of Hispanics in the Catholic group is almost triple that of the non-Catholic group.

TABLE 19

CHARACTERISTICS OF DEPENDENT AID RECIPIENTS
BY TYPE OF INSTITUTION

	CATHOLIC COLLEGES AND UNIVERSITIES	OTHER INDEPENDENT COLLEGES AND UNIVERSITIES
STUDENT CHARACTERISTICS		
Median Age	19.0	19.0
Freshman Year	37.3%	35.0%
Senior	16.7	15.0
Women	54.6	50.7
Commuters	59.4	28.0
Minorities	12.5	16.0
Blacks	(50.4% of total minorities)	(75.0% of total minorities)
Hispanics	(32.0% of total minorities)	(10.6% of total minorities)
FINANCIAL AVERAGES		
Parent's IRS Adjusted Gross Income	$16,028	$16,753
Parent's Expected Contribution	1,607	1,892
Tuition and Fees	2,547	3,072
Room and Board	1,452	1,514
Other Budgeted Costs	1,235	975
Total Costs	4,608	5,258

Although the balance of this report concerns dependent aid recipients, except where explicitly noted, some characteristics of financially independent aid recipients in Catholic colleges and universities deserve mention and are profiled in Table 20. Typical of independent students everywhere, independent students in Catholic institutions tend to be older (average age: 29) and to commute to campus (92.6%).

Financially independent aid recipients in Catholic institutions were more than three times as likely to be minorities than their dependent counterparts.

Indeed, the percentage of blacks among the independent aid recipients (30.2) was almost five times as high as among the dependent aid recipients in Catholic institutions (6.3). Finally, the independent aid recipients were much more likely to be female, to be married and to have children than their dependent classmates. They were more likely to be enrolled part-time, thereby limiting their eligibility for some forms of aid, but also incurring lower educational costs.

TABLE 20

CHARACTERISTICS OF INDEPENDENT AID RECIPIENTS
CATHOLIC INSTITUTIONS

	Percent of Recipients	Average Dollar Amount Per Recipient
INSTITUTIONAL AID		
Merit Grant	1.6%	$2,698
Need Based Grant	15.3	706
FISL/GSL	1.7	2,010
TOTAL	19.1	1,019
FEDERAL AID		
BEOG	62.2%	$1,205
SEOG	12.1	667
NDSL	20.8	945
CWS	13.0	728
FISL/GSL Loans	15.8	1,541
TOTAL (excluding FISL/GSL)	80.9%	$1,522
TOTAL GRANTS	85.1%	$1,994
TOTAL LOANS	38.3%	$1,311
TOTAL WORK	15.6%	$ 696
UNMET NEED	97.4%	$1,185

STUDENT CHARACTERISTICS

Median Age	29.0
Women	70.9%
Minorities	40.7
Blacks	74.2
Hispanics	12.8
Commuters	92.5

An important determinant of the need for financial aid is the cost of education comprising tuition and fees, room and board where applicable and related student expenses. Tuition and fee costs in non-Catholic colleges averged 20.6 percent higher than in Catholic institutions in the NIICU sample. Average room and board charges were close to equal in both groups of institutions, but other budgeted student costs were about $250 lower in non-Catholic institutions.

GENERAL CHARACTERISTICS OF AID

Despite relatively low levels of gifts and endowments usually assumed to characterize Catholic education, Catholic colleges and universities manage to meet the needs of their dependent students on financial aid as well as their non-Catholic counterparts. As can be seen in Table 21, when aid from all sources is matched against all student costs of education, Catholic institutions succeed on the average in meeting 97.6% of dependent student costs resulting in an average unmet need of $113. Non-Catholic colleges and universities in the sample covered 95.9% of student costs with financial aid, leaving an unmet need of $211 per student. Catholic institutions are less successful with their independent students, for whom unmet need equals almost 20% of costs.

TABLE 21

MAJOR SOURCES OF FUNDS FOR DEPENDENT AID RECIPIENTS
BY TYPE OF INSTITUTION

	CATHOLIC INSTITUTIONS		OTHER INDEPENDENT INSTITUTIONS	
	Percent of Recipients	Average Dollar Amount Per Recipient	Percent of Recipients	Average Dollar Amount Per Recipient
INSTITUTIONAL AID				
Merit Grant	8.5%	$ 851	13.7%	$ 822
Need Based Grant	39.6	688	46.9	1,435
FISL/GSL Loans	0.3	1,371	8.4	1,735
TOTAL	50.8%	$ 807	69.9%	$1,532
FEDERAL AID				
BEOG	47.1%	$1,025	41.3%	$1,066
SEOG	15.0	544	24.5	719
NDSL	27.4	779	42.6	822
CWS	16.8	591	33.6	696
FISL/GSL Loans	23.1	1,714	12.1	1,604
TOTAL (excluding FISL/GSL)	66.6%	$1,419	74.1%	$1,734
TOTAL GRANTS	91.3%	$1,840	92.3%	$2,102
TOTAL LOANS	51.1%	$1,261	60.7%	$1,204
TOTAL WORK	20.1%	$ 626	44.5%	$ 726
UNMET NEED	99.1%	$ 113	90.2%	$ 211

The composition of total aid received by students in Catholic institutions, however, differs markedly between Catholic and non-Catholic institutions. As a group, students in Catholic institutions on financial aid of some kind depend more heavily than their counterparts in non-Catholic institutions on Basic Educational Opportunity Grants, Guaranteed Student Loans and (recorded) off-campus earnings. Dependent students in non-Catholic institutions, by contrast, depend more heavily upon grants, loans and campus earnings from institutional resources and upon the campus-based federal programs, namely, Supplementary Educational Opportunity Grants, National Direct Student Loans and College Work-Study funds.[7] Thus, although students on financial aid in Catholic colleges and universities compare favorably in the percentage of need actually covered, they in fact rely less upon their institutions to furnish that aid, whether through institutional resources or through federal campus-based programs.

This situation is even more true of the financially independent students in Catholic colleges and universities. A higher percentage of the independent students receive BEOG's, which are student-initiated, than do their dependent counterparts. On the other hand, financially independent students are less likely than their dependent counterparts in Catholic institutions to receive grant awards from institutional resources or to receive funds from any of the three federal campus-based programs.

AID FROM INSTITUTIONAL SOURCES

Students in non-Catholic colleges and universities receive substantially more aid from institutional resources as a percentage of aid from all sources than do students in Catholic institutions. Slightly more than 60 percent of the students in non-Catholic institutions receive grants from their institutions compared with 48% in Catholic colleges and universities. However, an increasing share of institutional scholarship aid is derived not from endowment or gifts but from current tuition revenues. Although Catholic institutions offer less grant money from these sources, their lower average tuition charges have the same relative effect as a uniform subsidy to all students, assuming the quality of services between the higher-priced and lower-priced institutions to be equivalent.

By being more selective, the cash subsidy or grant is in principle more equitable. However, for those institutions whose student body is relatively homogeneous with respect to ability to pay, it can be argued that lower tuition (and correspondingly less grant money) is less costly to administer and more competitive in the marketplace.

Questions of equity do arise in the distribution of student aid grants from institutional resources by Catholic colleges and universities. As indicated, a smaller percentage of dependent aid recipients in Catholic institutions (48.1%) receive grants from institutional sources than in non-Catholic colleges and

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[7]Sample size was too small for intra-state comparisons of state-funded student aid in Catholic and non-Catholic institutions.

universities, where over 60% of dependent aid recipients receive some form of grant from the resources of the institution.

Nevertheless, despite less grant capacity, the Catholic institutions allocate a disproportionate share of their grant funds to merit scholarships rather than to need-based aid. Thus, the average merit scholarship in the Catholic institutions is actually higher, $851, than the average in the non-Catholic colleges and universities, $822. On the other hand, the average need-based grant from institutional resources is only $688 in the Catholic, compared with $1,435 in the non-Catholic institutions. Consequently, even though "merit" grantees constitute a slightly smaller percentage of the total number of students receiving aid from institutional resources in Catholic institutions, i.e., 17.7% compared with 22.6% in non-Catholic schools, Catholic colleges and universities allocate an almost 25% larger share of their own grant funds to merit scholarships than to need-based grants.

It is interesting to note that the colleges and universities that can afford the largest grant awards from their own resources are not only those with the largest endowments, but also those that charge tuition rates sufficiently high to permit a sizeable budget for student aid from current revenues. These are also likely to be the institutions with a relatively high demand among upper income families. So the working of the educational marketplace is such that the same institutions that serve the rich are in the best financial position to compete for the talented among the poor.

Catholic institutions have been historically "middle-class" and the present working of the educational market reinforces this position. It remains to be seen whether growth of the Middle Income Student Assistance Act (MISAA), which extends federal student aid grants to families beyond lower income levels, will have an equalizing effect on the markets served by independent colleges and universities. It may be argued that funds from this program will free up internal resources of Catholic institutions to enable them to compete effectively for a more diverse group students.

On the other hand, MISAA may simply help the independent sector as a whole and avoid inflation-induced losses of enrollment to the public sector, and help high-priced institutions within the private sector avoid losses of middle income students to lower priced institutions including the typical Catholic college or university. Meanwhile, Catholic institutions continue to face the tension between criteria of equity and of educational diversity in the allocation of their own limited financial aid resources.

AID FROM FEDERAL PROGRAMS

Students in Catholic colleges and universities do at least as well as those in other independent institutions in securing aid from the Basic Education Opportunity Grants Program. In the NIICU sample, a higher percentage, (47%) of dependent Catholic college aid recipients, received a federal Basic Opportunity Grant than did their counterparts in other private institutions, only 41 percent of whom received a Basic Opportunity Grant. Moreover, the averge size of the grant was almost equal in the two types of institutions, $1,025 in Catholic

colleges and universities and $1,066 in the others.

Unfortunately, dependent aid recipients in Catholic colleges did not fare as well in the campus-based federal programs, that is, Supplemental Educational Opportunity Grants (SEOG), National Direct Loans (NDSL), and College Work-Study (CWS) aid. The percentage of dependent aid recipients in non-Catholic colleges and universities receiving SEOG and NDSL aid was roughly two-thirds higher than in Catholic institutions while the percentage receiving CWS aid in non-Catholic institutions was more than double the rate in Catholic colleges and universities.

Supplemental Educational Opportunity Grants. Reasons for these significant differences between Catholic and non-Catholic institutional participation in federal campus-based student aid programs are not immediately evident. However, some explanatory comments may be suggested. Underrepresentation in the distribution of SEOG funds probably represents the most serious cash loss to the Catholic institutions because the grant awards in this program in effect become unrestricted cash grants to the student and ultimately to the institution. There are several determinants of institutional SEOG allocations, some of which are mostly outside the control of the individual institution, e.g., state allocation formulas, "conditional guarantees" and "SEOG eligibility indices." In the sequential distribution process of SEOG funds by the U.S. Department of Education, the interaction of these determinants is complex and there is no a priori reason to assume an inherent bias against Catholic institutions[8]. It is worth nothing, howwever, that 35% of the nations' Catholic institutions are located in four states that have exceptionally generous state scholarship programs, viz., Pennsylvania, Illinois, New York, California. In at least one step in the allocation process, SEOG eligibility is negatively related to state assistance received by an institution.

Underfunding in the SEOG program is more likely to result from failure of institutions to take full advantage of the program. For example, if financial aid officers fail to complete Part B of the SEOG application, the institutional allotment will be limited to its conditional guarantee, which is based upon SEOG allocations received in the past. Simple failure to submit the detail required in Part B in effect locks the institution to its past performance despite aggregate increases in funding availability. A spot check turned up several examples of Catholic institutions, small colleges and large universities, that failed to complete Part B of the SEOG application in 1978-79.

Sample data collected by the Policy Analysis Service and interpreted for Project 80 also indicate that 73 of 133 Catholic colleges and universities sampled in 1978-79 were underfunded in the SEOG program simply for having requested less funds than were available to them. In the SEOG allocation process no institution is awarded more grant funds than it requests, regardless of availability. An additional 50 Catholic institutions in the same sample

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[8]It is also remotely possible that the impact of these relationships is non-random across the NIICU sample.

requested less than the Department of Education's calculation of their so-called "fair share." Although the "fair share" formula was only one of the variables used in the complex allocation process, failure of so many Catholic institutions to request the maximum is another indication of potential underrepresentation of Catholic colleges and universities in the program. Such reasoning must be examined carefully, since individual case studies indicate that the levels of underfunding at specific institutions due to inadequate application procedures are substantial.

National Direct Student Loan and Guaranteed Student Loan Programs. Like the SEOG program, the National Direct Student Loan Program (NDSL) is characterized by underparticipation by Catholic colleges and universities in the NIICU sample. It is possible that relatively low cost institutions (and, as indicated, Catholic institutions are lower priced than the rest of the independent sector) have, through repayments of past loans, achieved the equivalent of a revolving fund, thereby diminishing the need for additional new funding from the NDSL program.

However, as indicated above, Catholic colleges and universities support a significantly smaller share of their students with NDSL funds than do other independent institutions, and the average NDSL is somewhat smaller in the Catholic institutions. At the same time, students on financial aid in Catholic institutions are somewhat more dependent on more costly Guaranteed Student Loans (GSL) than students elsewhere in the independent sector. Since interest rates on GSL funds are more than twice as high as for NDSL funds (7% vs. 3%), it would appear that the total loan effort by financial aid offices in Catholic colleges and universities is less efficient than in non-Catholic institutions.

For an individual institution, however, this may possibly not be the case. Although it is true that student costs are higher under GSL, costs to the college may be somewhat lower. Although some colleges and universities are lenders in the GSL program (including very few Catholic institutions), the GSL loan is typically negotiated by the student or the student's family with a commercial bank or other outside lender. Under these circumstances, the college or university is spared major responsibility and costs of administering and collecting the loans that must be assumed in the NDSL program. Moreover, colleges and universities still bear the costs of loan certification and of counseling students and parents. In addition, they are required to conduct a professional audit of the GSL program at their own expense. In fact, the Federal government has consistently declined to authorize an administrative allowance for management of the program.

Moreover, the savings to the institution from reliance on GSL is at least partially offset by the increase in interest charges to the student recipient of aid. The significance of the four percent interest differential between GSL and NDSL loans is significant, although some mitigating considerations deserve mention. First, the real cost to the student of the interest differential is mitigated by the income tax deduction allowed for the interest costs and by the inflation-induced decline in real value of the interest charges over the life of the loan. Moreover, since higher education is a non-profit enterprise, it can

be assumed that institutional savings in loan administration costs are passed along to the student in correspondingly lower tuition charges. Finally, the largest portion of the value of an educational loan to the student rests in the subsidy created by deferment of repayment until after graduation. Given all these circumstances, the relative underutilization of NDSL funds by Catholic institutions may represent rational behavior so long as GSL or equivalent subsidized loan funds are available from other sources.

College Work-Study. On the basis of the NIICU sample, the difference in participation rates between Catholic and non-Catholic institutions is greatest in the College WorkStudy program (CWS). As indicated earlier, almost twice as many dependent students on financial aid in non-Catholic colleges and universities participate in the federal CWS program than in Catholic institutions and the average student earnings in the program are over 15% higher. The percentage participating in campus work programs not subsidized by the government is four times as high on non-Catholic campuses (12%) as on Catholic campuses (3%).

There is no immediately apparent reason to explain the failure of Catholic colleges and universities to make more aggressive use of CWS. It can be argued that low-cost institutions have few resources to spare for their required contribution to student earnings in campus jobs. However, this need not be an insurmountable obstacle since it is legitimate for the institutional contribution to be in the form of remissions of tuition or room and board charges. Sometimes it is alleged that there are simply not enough campus positions suitable for the part-time student worker, but the allegation is not self-evident.

Requests for CWS funds from higher education in general are low relative to appropriations across higher education. As a result, in recent years unused budget carryovers have reached seven or eight percent of Congressional appropriations. In preparing an aid package for an individidual student, it is likely that one aid program would be treated as a residual source of funds to meet a balance of unmet student need after more desirable sources of funds have been tapped. With grants at the top of the list of desirable sources, both loans and earnings from work-study become candidates for the residual source.

The fact that federal work-study appropriations are consistently underutilized suggests that it may be standard practice to tap work-study last as a component of the aid package. The diversion of a student's time from more directly educational activities, the logistics of matching students with appropriate work opportunities, the risk of dissatisfaction on the part of student or employer, all may tend to diminish the enthusiam of financial aid officers for administering larger than ncesssary work-study programs. Given the fact that both Catholic and non-Catholic institutions meet virtually the same percentage of student need in their aid packaging, the relatively low use of work-study programs in Catholic institutions may simply reflect the lower residual need of the aid recipient in the lower cost institutions after more desirable forms of aid have been tapped.

DISTRIBUTION OF AID BY FAMILY INCOME

The distribution of aid recipients by family income does not differ markedly between Catholic and non-Catholic institutions in some respects. For both types of institutions, a high percentage of aid recipients come from middle-income families. Thus, in Catholic colleges and universities 45.1% of the dependent aid recipients came from families with annual incomes between $12,000 and $24,000, while the corresponding figure for non-Catholic institutions is 44.5%. Approximately 15% of the dependent aid recipients in both types of institutions are from families in the lowest income bracket, i.e., below $6,000. This group is profiled in Table 22.

TABLE 22

MAJOR SOURCES OF FUNDS FOR DEPENDENT UNDERGRADUATES:
Parents' Adjusted Gross Income $6,000 or less
BY TYPE OF INSTITUTION

	CATHOLIC INSTITUTIONS		OTHER INDEPENDENT INSTITUTIONS	
	Percent of Recipients	Average Dollar Amount Per Recipient	Percent of Recipients	Average Dollar Amount Per Recipient
INSTITUTIONAL AID				
Merit Grant	2.4%	$ 488	12.2%	$ 653
Need Based Grant	29.6	688	30.8	1,383
FISL/GSL Loans	0.0	-	3.5	1,562
TOTAL	33.1%	$ 716	52.1%	$1,348
FEDERAL AID				
BEOG	91.3%	$1,358	78.7%	1,390
SEOG	11.9	663	33.9	705
NDSL	26.6	732	35.8	813
CWS	13.1	555	31.5	816
FISL/GSL Loans	9.3	1,552	6.6	1,487
TOTAL (excluding FISL/GSL)	95.5%	$1,798	87.6%	$2,267
TOTAL GRANTS	98.5%	$2,417	93.9%	$2,578
TOTAL LOANS	39.1%	$ 913	46.9%	$1,014
TOTAL WORK	14.9%	$ 533	38.1%	$ 836
UNMET NEED	98.8%	$ 159	96.2%	$ 606

A slightly higher percentage of dependent aid recipients in non-Catholic instituions are from families with incomes over $24,000, that is, approximately 22%, compared with 19.3% from that income brakcet in the Catholic colleges and universities. This difference may reflect higher measured need in non-Catholic colleges and universities because of higher tuition costs in those institutions.

With the increased availability of both federal and state grants for higher education, it is not surprising that over 95% of the dependent aid recipients from families with incomes below $12,000 received grant aid of some kind. Students in non-Catholic institutions, however, were more likely to have the grant aid supplemented with loans and/or work-study aid. Table 23 contrasts these two groups in the $6,000-12,000 income category.

TABLE 23

MAJOR SOURCES OF FUNDS FOR DEPENDENT UNDERGRADUATES:
Parents' Adjusted Gross Income $6,000-12,000
BY TYPE OF INSTITUTION

	CATHOLIC INSTITUTIONS		OTHER INDEPENDENT INSTITUTIONS	
	Percent of Recipients	Average Dollar Amount Per Recipient	Percent of Recipients	Average Dollar Amount Per Recipient
INSTITUTIONAL AID				
Merit Grant	3.4%	$1,206	11.2%	$ 745
Need Based Grant	33.41	574	42.4	1,425
FISL/GSL Loans	0.2	500	4.1	1,612
TOTAL	39.3%	$ 720	59.9%	$1,425
FEDERAL AID				
BEOG	87.0%	$1,066	80.7%	$1,121
SEOG	27.0	436	35.1	713
NDSL	29.1	684	47.1	834
CWS	21.6	704	39.5	669
FISL/GSL Loans	15.0	1,454	9.5	1,443
TOTAL (excluding FISL/GSL)	93.0%	$1,591	94.3%	$2,056
TOTAL GRANTS	98.4%	$2,257	98.0%	$2,543
TOTAL LOANS	47.3%	$1,004	58.5%	$1,083
TOTAL WORK	27.7%	$ 679	47.9%	$ 697
UNMET NEED	100.0%	$ 510	93.5%	$ 341

Since unmet need of students in the lower income brackets did not differ substantially between Catholic and non-Catholic institutions, the greater recourse to loans and work-study funds in the non-Catholic institutions probably reflects higher costs of attendance in those institutions, exceeding the availability of grant funds, public and private.

Data for the higher income brackets, however, indicate that students receiving aid in non-Catholic institutions are more likely to receive aid of more than one type, i.e., loan, grant, or work-study, than in Catholic institutions. This situation relfects the lower participation of Catholic institutions in federal programs already mentioned but may also reflect lower need due to lower costs of Catholic institutions as well as less creative aid packaging by financial aid offices in those institutions.

EQUITY ISSUES

Moreover, the distribution of aid according to family income level from the institution's own resources differs between Catholic and non-Catholic institutions and raises issues of equity. As already indicated, Catholic colleges and universities have less resources of their own for student aid than other private institutions. Nevertheless, it appears that the beneficaries of such aid are frequently students from upper income families.

Thus, in Catholic institutions over 31% of students from families with annual incomes over $36,000 who were receiving aid received merit grants from institutional funds, and the same was true for almost 18% of the students from families with incomes between $24,000 and $36,000. By contrast, in the other indepednent colleges and universities only 9% of the aid receipients from families with incomes over $36,000 received merit grants from institutional funds, and the same was true of only 12% of the dependent students on aid from families with incomes in the $24,000-36,000 bracket. (See Tables 24 and 25)

On the other hand, less than 6% of the aid recipients in Catholic institutions from families with annual incomes of $12,000 or less received merit grants. In non-Catholic independent institutions, however, 22% of the aid recipients from families in the same income bracket received merit grants.

It should also be noted that in both Catholic and non-Catholic independent institutions students from higher income families received substantial need-based grants from the institutions' own resources. In Catholic colleges and universities, 26% of aid recipients from families in the top income bracket and 52% of those in the $24,000-36,000 bracket received such need-based grants. In the other independent institutions, the percentages were even higher (50% in the top bracket and 62% in the $24,000-36,000 bracket).

Moreover, for both groups of institutions the average need-based grant awards from their own resources for recipients from families with above-average incomes were relatively high. In the $24,000-36,000 bracket, the awards in both groups of institutions were above institutional averages across all income brackets and even in the top income bracket were only slightly below average awards at all income levels.

TABLE 24

MAJOR SOURCES OF FUNDS FOR DEPENDENT UNDERGRADUATES:
Parents' Adjusted Gross Income $24,000-36,000
BY TYPE OF INSTITUTION

	CATHOLIC INSTITUTIONS		OTHER INDEPENDENT INSTITUTIONS	
	Percent of Recipients	Average Dollar Amount Per Recipient	Percent of Recipients	Average Dollar Amount Per Recipient
INSTITUTIONAL AID				
Merit Grant	17.9%	$ 689	12.1%	$ 868
Need Based Grant	51.9	827	62.1	1,456
FISL/GSL Loans	0.8	1,833	14.2	1,673
TOTAL	71.1%	$ 888	86.6%	$1,625
FEDERAL AID				
BEOG	4.0	$ 472	2.0%	$ 690
SEOG	3.7	670	10.4	778
NDSL	21.7	855	38.5	771
CWS	10.7	559	28.6	744
FISL/GSL Loans	34.0	1,847	17.3	1,571
TOTAL (excluding FISL/GSL)	32.6%	$1,002	52.7%	$1,220
TOTAL GRANTS	85.0%	$1,193	87.7%	$1,662
TOTAL LOANS	53.5%	$1,581	65.8%	$1,265
TOTAL WORK	13.6%	$ 705	46.1%	$ 732
UNMET NEED	0.0%	-$1,024	17.3%	-$ 512

TABLE 25

MAJOR SOURCES OF FUNDS FOR DEPENDENT UNDERGRADUATES:
Parents' Adjusted Gross Income Over $36,000
BY TYPE OF INSTITUTION

	CATHOLIC INSTITUTIONS		OTHER INDEPENDENT INSTITUTIONS	
	Percent of Recipients	Average Dollar Amount Per Recipient	Percent of Recipients	Average Dollar Amount Per Recipient
INSTITUTIONAL AID				
Merit Grant	31.4%	$ 769	9.1%	$ 684
Need Based Grant	25.5	677	49.6	1,156
FISL/GSL Loans	0.0	-	28.9	1,846
TOTAL	51.0%	$ 965	81.0%	$1,664
FEDERAL AID				
BEOG	-	-	-	-
SEOG	2.0	750	2.5	833
NDSL	7.8	638	24.8	828
CWS	5.9	567	15.7	825
FISL/GSL Loans	49.0	1,955	21.5	1,838
TOTAL (excluding FISL/GSL)	13.7%	$1,193	33.9	$1,265
TOTAL GRANTS	68.6%	$1,224	72.7%	$1,352
TOTAL LOANS	56.9%	$1,773	71.9%	$1,678
TOTAL WORK	9.8%	$1,036	30.6%	$ 821
UNMET NEED	0.0%	-$3,261	18.2%	-$1,375

It is also worth noting that high income families appear to be taking advantage of their relatively recent eligibility for low-cost Guaranteed Student Loans, choosing to borrow at relatively low intrest rates rather than forego the higher rates being earned on their savings. Thus, even in the highest income bracket, i.e., over $36,000, about 50% of the parents, in the Catholic as well as in the non-Catholic institutions, received funds from the GSL program. Incidentally, the greater availability of institutional resources for financial aid in non-Catholic colleges and universities is evident in the fact that half these loans were made by the institution, whereas virtually all the GSL funds received by families of aid recipients in Catholic institutions came from banks and other external sources.

Given the relatively high frequency of both institutional grants and loans to aid recipients from high income families, it is not surprising that the average unmet need of aid recipients in both Catholic and non-Catholic institutions was negative at levels of family income above $24,000. In Catholic colleges and universities, the average negative unmet need for aid recipients from families in the highest income bracket, over $36,000, reached $3,261, compared with $1,375 in the other independent institutions. In fairness to Catholic institutions it must be noted that the average positive unmet need of aid recipients from families with incomes below $12,000 in those institutions is less, by over $100, than in the other independent colleges and universities.

Some bias toward upper income families can be expected in the distribution of institutional awards for two reasons. First, the amounts of grant aid from external sources for higher income families are limited by the fact that government programs are need based and heavily skewed towards lower income families. Second, the more academically qualified college applicants are likely to come from higher income families who are able to provide their children more effective educational training at home and in elementary and secondary schools.

With limited grant resources of their own, Catholic colleges and universities may understandably wish to use those resources to attact an economically and intellectually diversified student body. Moreover, since the supply of the most academically qualified students is apt to be relatively more abundant among upper income families and need lowest among those families, relatively small merit awards are likely to be more competitively effective in attacting students, whereas relatively scarce gifted students from low-income families with high financial need are apt to be attracted to the wealthier independent colleges and universities that can and do compete for them with relatively large merit grant awards. Nevertheless, it can be questioned whether Catholic institutions are justified in allocating so large a percentage of their own limited grant resources to both merit and need-based awards for students from families with relatively high incomes if in so doing they are restricting access of low-income students and competing less effectively for qualified students at both middle and low levels of family income.

SUMMARY AND CONCLUSIONS

Catholic colleges and universities, despite limited resources of their own, succeed in meeting the financial aid needs of their dependent aid recipients to a degree comparable with other private colleges and universities. They do so, however, with greater reliance on their lower prices and upon student-initiated sources of external aid, especially BEOG awards and Guaranteed Student Loans. Catholic colleges and universities have below-average participation in campus-based federal aid programs. Although mitigating circumstances might explain below-averge shares of CWS and NDSL funds, failure to take full advantage of the campus-based grant program, SEOG, would appear to be a costly deficiency in the management of financial aid in Catholic institutions, but one that is remediable with better financial aid management. Despite these constraints, Catholic colleges and universities are able to support dependent students in about the same proportions across the spectrum of family income levels. In the process, however, Catholic institutions direct a relatively large share of their own aid resources, which are less plentify than in the rest of the independent sector, to students from higher income families. This situation appears to be the result of efforts to compete with merit grants for the more academically qualified students, who tend to be more concentrated among higher income families.

Nevertheless, the percentage of aid recipients in Catholic institutions from lower income families is no lower than in other independent institutions. Nor is the percentage of minorities among aid recipients significantly lower, although Catholic institutions tend to aid a higher percentage of Hispanics and a lower percentage of blacks than other private colleges and universities. Merit grant recipients among students from low-income families are relatively scarce, however, in Catholic institutions.

The expansion of the Middle Income Student Assistance Act should benefit Catholic colleges and universities, which are historically "middle class." However, it will also free up resources of other independent institutions, and it is not clear whether Catholic colleges will become more or less competitive in attacting students from the upper and lower ends of the family income scale. NIICU is repeating its sample survey of student financial aid in order to gather data for the first year of MISAA funding. Hence, it will be feasible for ACCU to repeat the Project 80 analysis for a comparative examination of the impact of MISAA on Cathlolic higher education.

As part of Project 80, two workshops on the subject of student financial assistance for Catholic colleges and universities were conducted in conjunction with seminars for college and university administrators conducted by the Student Financial Assistance Training Program in New York and Chicago. These workshops, which were well-attended, revealed a wide variation in familiarity with federal student aid programs on the part of Catholic college and university administrators. However, there was evidence of increasing awareness of the importance of the federal student assistance programs to the financial future of Catholic institutions as well as considerable interest in developing expertise necessary to make best use of these programs consistent with institutional goals and mission.